The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Army Sends Wang Keh-min to Tokyo on Peace Mission

ARTICLES IN THIS ISSUE

Helping Chinese Save Property from Japanese Thievery

Wants Chinese, Manchukuoans and Japanese to Dress Alike

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

HELPING CHINESE SAVE PROPERTY FROM JAPANESE THIEVERY

AT the time of the Boxer rebellion when North China was over-run by foreign troops, the Chinese feared that either the Czarist Russians or the Japanese would seize the rich coal mines at Tangshan, a few miles north of Tientsin. In order to protect the mines the Chihli provincial government turned them over to a young American engineer for safekeeping. We are not familair with the circumstances, but he is said to have put up the American flag over the head office of the native mining concern and claimed possession. Any Japanese or Russian encroaching on the property was kicked off, theoretically at least, and, we presume, the young American engineer had the support of the American consul in this action.

The young American engineer was named Herbert Hoover. Later, he became prominent in his home country, but that has nothing to do with the point to this story.

After the excitement of the Boxer incident had died down, Hoover was commissioned to proceed abroad to obtain capital for developing the coal properties. He found the capital chiefly in London and the Kailan properties, including the associated Chinese mines, became the chief coal producing enterprise in the country. The extensive industrial development at Tientsin and Shanghai was a direct result of cheap Kailan coal. It is true that the British company made a good thing out of it, but we can only use our imagination as to what would have happened if the Japanese had seized the mines. Or, on the other hand what would have happened if the Russians had seized the mines?—we also leave that to the imagination. The Russo-Japanese war came three years later and the Japanese fell heir to all Russian properties south of Changchun, Manchuria.

While some Chinese patriots have argued that Hoover should have developed the Kailan properties as a Chinese enterprise rather than

British, those familiar with conditions know that in China's weakened condition, she could not have maintained control or obtained capital. China also lacked technical skill. The British did develop the properties and Chinese industries benefitted.

Therefore, the action of the young American engineer was justified!

Today a somewhat similar process is going on with respect to the protection of Chinese properties against Japanese thievery. We use the word *thievery* because we know of no more expressive term. In our issue of April 23 (Page 208) there was a report of the Japanese seizure of China's growing cement industry. Two factories here, one at Tientsin and another at Taiyuanfu were seized by the Japanese Army and literally "handed-over" to Japanese industrialists and financiers who are preparing to operate the plants in utter disregard of the interests of the real owners.

The Japanese are doing the same thing with certain other Chinese enterprises, notably silk weaving and spinning factories.

It is correct to state that, aside from a few industries which they desired to exploit for their own purposes, the Japanese have destroyed about everything else in the Shanghai-Nanking-Hangchow area. The only enterprises which have escaped destruction or seizure are those owned by foreigners who were able to obtain the protection of their consular officials.

In some instances the Chinese have managed to save their properties by selling a controlling interest to friendly foreigners, and thereby obtaining consular protection. Recently the Japanese announced they would not recognize these deals on the ground they were not genuine; that they were a subterfuge to prevent Japanese seizure.

In view of what the Japanese have done since the arrival of their army, most persons have reached the point of view that practically any action is justified if it is successful in outwitting the Japanese plunderer. In other words, if one observes a thief in the act of stealing a friend's property, he is justified in taking steps to prevent the theft, either by calling the police, or by using some other method of outwitting the robber!

⁂

Of interest in connection with Japanese destruction or seizure of Chinese property and interference with the normal trade of foreigners in China, was a suggestion—the first we have seen in print anywhere—that the Japanese may ultimately be compelled to pay an indemnity for all that has been destroyed. The suggestion appeared in the course of an article entitled "Shambles at Shanghai," published in the American Chamber of Commerce *Journal* at Manila, and was written by the secretary of the Chamber, following a personal inspection of the situation here. Walter Robb, writer of the article, referred to Japanese destruction of China's educational institutions as a definite program of wrecking China's modernized culture "root and branch with the idea of substituting Japanese culture in its stead." Mr. Robb concluded his reference to this phase of Japanese activity as follows: "Medicine corrective of the groundless assumption that China will submerge her cultural tendencies in Japan's would be indemnities in full from Japan for all that has been destroyed."

WANTS CHINESE, MANCHUKUOANS AND JAPANESE TO DRESS ALIKE

THE Japanese, in their attempt to become self-sufficient in raw materials, particularly cotton and wool, recently developed extensive enterprises for the manufacture of substitutes, known as "staple fiber," a German invention. The original idea was to produce a substitute for wool so that Japanese factories would not have to depend on Australia; in which connection Japan's efforts were greatly stimulated by an alleged attempt on the part of the Australians to raise prices arbitrarily. A somewhat similar situation prevailed with respect to raw cotton supplies from the United States, where "New Deal" policies tended to raise prices for the cotton producer, and, naturally at the expense of the Japanese manufacturer.

The Japanese therefore turned to staple fiber and invested hundreds of millions of yen in the new industry. In March of this year Osaka industrialists announced they had exported, up to March 30, staple fiber textiles weighing 1,319,000 pounds valued at Y.495,238. Much of it went to North China and Manchukuo but nothing was said about the method of labeling, already a source of trouble.

It was in connection with a study of marketing problems that a member of the Japanese Diet named Kunitaro Koyama, member of the so-called East Asia Costume Designing Commission, suggested that the peoples of China, Japan and Manchukuo should wear similar clothing—a universal, standard oriental costume—designed and manufactured in Japan. Mr. Koyama thought the wearing of such a standard costume would produce unity. The Japanese are first to be attired in the new standardized clothes which are to be of staple fiber entirely or a mixture. They will be gray in color, cheap, strong, suitable for climate and temper of people, must obviate need for shirts and collars, must be sufficiently dignified for formal wear but also suitable for the trades and professions, and finally, must be "made in Japan." Some exhibitions of sample suits of the new product have been held.

But unexpected complications developed: First, Japanese women did not like the new material, claiming it was not strong as cotton, had little resistance against water and did not lend itself readily to dyeing. Producers, however, answered these complaints by stating that similar objections were originally offered against rayon, whereas artificial silk has since become popular everywhere. But the Japanese women almost unanimously refused to purchase the new fabrics and when the government announced its new regulations compelling manufacturers to mix staple fiber with cotton, Japanese women, with one accord, rushed to the shops and bought up all the cotton cloth on the shelves—and thereby brought about a situation which was described in the papers as a "state of siege." Every household, where funds were available, put in its stocks of pure cotton goods, and few indeed were the purchasers of staple fiber or mixtures thereof.

A further complication had to do with the eternal problem of supplies of raw materials. Whereas manufacturers previously had to depend on raw cotton and raw wool produced abroad, now they must depend on foreign producers of wood-pulp, chief material used in the production of staple. But a Japanese professor claims to have discovered a way of making staple fiber from Manchurian bean-cake (residue after extraction of oil from soya-beans), while another scientist claimed to have discovered a way of making the thread from fish protein. The discoverer of the bean-cake method was awarded a prize by Kyoto Imperial University.

Another complication, probably the most serious, caused disastrous repercussions in Japan's foreign markets where Japanese cloth, until quite recently, successfully competed with fabrics produced in other countries, notably England. But the rumors about adulterating standard cotton cloth with inferior artificial staple fiber spread like wild-fire in Japan's markets abroad and produced wholesale cancellations of orders. The Government then issued further regulations restricting the adulteration of fabrics (both cotton and wool) to the home, colonial and China markets, but requiring the production of pure fabrics for export abroad. The unfairness of this regulation produced widespread dissatisfaction among all classes in Japan and resulted in further complications: It was discovered that certain "unscrupulous" merchants were shipping pure fabrics (unadulterated with staple) abroad and then re-shipping them back to be sold in the domestic market. An extensive trade in this curious "boot-legging" of cotton goods developed at Tientsin, but was stopped by the Japanese authororities.

What the outcome of the extensive manufacture of staple-fiber substitutes for both cotton and wool will be cannot be forecasted now, but Japan's success with rayon leads to the belief that she may, in time, become equally successful in this field. However, the producers are faced with the serious problem of obtaining sufficient supplies of wood-plup which are as necessary for the staple-fiber mills as new cotton and sheep's wool are for the producers of pure fabrics.

Japanese Request Forces Many Chinese Radio Stations to Suspend

All but three Chinese radio stations in Shanghai suspended operations voluntarily last week rather than comply with the Japanese request that they register with the Broadcasting Superintendent's Office in the Hardoon Building. The deadline for registration was reached the previous day when officials of all stations held a meeting and decided to go off the air temporarily until a satisfactory solution of the present impass had been reached. One possible reason for the suspension is the reported threat of the Japanese that unless their order was obeyed when the last of three notifications expired, they would remove part of the machinery of Chinese stations within the Settlement to prevent further broadcasting.

The standpoint of the Chinese stations is that while willing to supply the desired information, they will not supply it to the Japanese direct, preferring to deal with the Settlement authorities. In keeping with this policy, Settlement authorities received registration blanks carrying all desired information. The Broadcasting Superintendent's Office, however, refuses to be satisfied since refusal to register with the office direct implied non-recognition of its existence or right of censorship. Settlement authorities are at present negotiating with the Japanese office on the subject in an effort to reach an agreement. Any attempt on the part of Nipponese consular police or military to remove machinery from the stations would be viewed in a serious light, it is understood since the stations are private property. Foreign stations which also received notifications requesting them to register have paid no heed to them and it is understood that they are not being molested, the Japanese apparently wishing to settle the problem of control of Chinese stations before tackling the more difficult problem of compelling foreign obedience.

Japanese Release American Aviator

Following consultation between the Procurator General and the Chief Procurator of the Yokohama District Court, it was announced April 27 that the Yokohama Public Procurator's office had decided to drop further action against Mr. Melvin Gibbon, the American aviator who has been under detention since April 22. The decision is said to be partly due to the delicate international questions involved and partly to the fact that Mr. Gibbon is the national of a neutral country. Twenty-seven years of age, Gibbon was detained by the police on the arrival in Yokohama of the Empress of Asia, aboard which he was a through passenger to Vancouver. He is alleged to have admitted to the Yokohama police that he served with the Chinese air force for five months.

Japanese Officer Dies

The *Osaka Mainichi* on April 22, reported the death of Japanese Flight Lieutenant Yonesuke Fukuyama in a Japanese base hospital after a fight with Chinese planes over the town of Kueiteh on April 10. It was claimed that Fukuyama was wounded by Chinese aviators but managed to get back to a field within the Japanese lines. However, in landing he turned his plane over and was crushed in the wreckage.

Chinese Aviation Academies Opened

Chinese aviation academies have been organized in Lanchow, (Kansu Province) and Chengtu (Szechuan Province), according to well-informed circles. Large numbers of bombers are concentrated in these two cities, where large numbers of Chinese young men are being trained to pilot planes. The Chinese fighting planes are concentrated at Hankow, Nanchang and Hsiangyang.

Wang Keh-min's Trip to Japan Responsible for Further Crop of Peace Rumors

WANG KEH-MIN, leader of the Japanese-controlled Chinese administration in Peiping, suddenly came to Shanghai in a Japanese military airplane on Thursday of last week and was escorted from the airfield to the old Astor House Hotel in Hongkew where he remained under close guard for three days.

Wang is a native of Hangchow, Chekiang where he was born in 1879. He received most of his education in Japan where he resided for many years as director of Chinese students and counsellor of Legation. He held positions at Peiping under the Manchus and after the downfall of that regime went to Europe where he remained until 1913. He returned to become managing director of the French Banque Industrielle de Chine—which failed under conditions which reflected little credit upon Wang or his French and Chinese associates. In 1917, as a leader in the pro-Japanese Anfu clique of politicians and militarists, Wang successively held the positions of president of the Bank of China, Minister of Finance, director-general of the salt monopoly, and again Minister of Finance. He played a prominent part in negotiating the so-called Nishihara loans, amounting to some $300,000,000, whereby Japan—following the Twenty-One Demands—further clinched her hold on Manchuria, Eastern Inner-Mongolia and North China. In 1933 Wang emerged from retirement to become acting chairman of the Peiping political council, set up for the purpose of facilitating dealings with the Japanese, but abolished in 1935.

Wang Keh-min's importance to the Japanese military was indicated by the care which they took of him while here. A detail of carefully picked officers and men was stationed in and about the Astor House and transit across the Garden Bridge into Hongkew, one of the city's chief thoroughfares, was practically suspended for the period of Wang's visit in Shanghai.

Since Wang was brought here by the Japanese Army authorities, was guarded by them while here and no one was permitted to see him unless accompanied by Japanese militarists, it was inevitable that his trip caused innumerable rumors, many of them concerned with secret peace moves or intrigues with Chinese factional politics.

Of all the rumors the most ridiculous was the one circulated by *Domei* that his object in coming here was to negotiate with the Nanking "Reformed" puppet administration for an amalgamation of the two regimes. Anyone with the mentality of a 10-year old child realizes that since both administrations are creatures of the Japanese army, they could be amalgamated immediately if the Army so ordered. The difficulty is that the Japanese Army itself is divided on the whole question of whether Nanking or Peiping is to rule and who and what financial and industial interests are to receive the lion's share of the spoils.

Some reports had it that his fate, as chief puppet in the North, was hanging in the balance because of his alleged opposition to the Japanese program, particularly the scheme to monopolize all resources through the creation of an officially-chartered company, a sort of cross between the South Manchuria Railway Company and the old British East India Company. Some said that the Army wanted to replace Wang with Gen. Chin Yen-peng, Shantung warlord, who had been premier and war minister in the old Peking Government. Another rumor, probably truthful, was that Wang wanted to obtain most of the Customs revenue accruing from the then-pending Anglo-Japanese conversations in Tokyo. According to *Domei* Wang's conversation with Liang Hung-chih of the Nanking administration (in the presence of Major-General S. Kita, head of the Army's special service mission) concerned division of tariff spoils, tax collections, currency, and various elements concerned with amalgamation.

After three days, another special military plane arrived to whisk Wang, and his Army escort, to Tokyo where he was scheduled to spend six days. In this brief period Wang was expected to interview cabinet officers, Premier Konoye, numerous businessmen and financiers and have himself presented to the Emperor. But, ironically, his first public function was to visit the Yasukuni Shrine where he paid homage to Japanese soldiers and sailors killed by Wang's fellow countrymen in the present war.

Of greatest interest, however, have been the rumors concerning secret peace moves. It was alleged that Wang was so alarmed at the military deadlock in southern Shantung that he hurried here for the purpose of obtaining the Japanese Army's ideas on a compromise which he took to Tokyo in the hope of having himself appointed as a mediator to approach Hankow. What the outcome was of his discussions with the Japanese military leaders here, is shrouded in mystery, but the Japanese had hoped to climax the capture of Hsuchow with an announcement of Japanese recognition of a united Peiping-Nanking puppet government, proclaimed simultaneously with the text of a treaty, signed by Wang, which would confirm Japan in possession of everything her army has seized since the beginning of intervention.

The fact that four of Wang's former associates in the old Anfu Clique—Li Shih-hao, Wu Kwang-hsin, Chang Hsi-chao and Tseng Wu-chun—have gone to Hankow to pledge their loyalty to the National Government was regarded as of undoubted significance in Chinese political circles.

In a statement to the press upon his arrival in Tokyo, Wang appealed for the continued assistance and cooperation of the Japanese in the development of a new government in China. He said that since the Provisional Government is faced with many diffificulties, he hoped Tokyo would lend support "from the broad point of view of stabilizing conditions in the Orient." Wang then denounced the Kuomintang and declared, "I have come to Japan to tender my heartiest thanks to those personages in Japanese official and private circles who have supported us in establishing our government."

Aside from peace moves centered in and about Wang Keh-min's trip to Tokyo, there have been other rumors from various quarters. There was a *United Press* message from London (May 1) stating that Great Britain was likely to offer mediation in the Sino-Japanese war within a few months. Neville Chamberlain, Prime Minister was, according to the report, ready to act in the Orient as soon as the new British machinery for pacification of Europe had shown results.

The message quoted sources close to the Foreign Office as saying that the British Government was anxious to smooth out the tension in the Far East and planned to mediate on a basis which would preserve the prestige of both Japan and China. British authorities were said to desire to see China emerge in a position which would assure minimum damage to British investments.

"A proud nation like Japan," these sources stated, "if faced with the prospect of failure in China, might suddenly decide it would be better to suffer defeat at the hands of a great power like Britain."

Consequently, the message continued, it was believed that if Japan decided it was necessary to engage a third power as an excuse for possible defeat in China, it would be Great Britain rather than the Soviet Union since the Japanese people have been educated to believe that the British are their principal enemy.

Whatever the true attitude of Great Britain, it appeared, that some thought that England might be obliged to intervene in the Far Eastern crisis in order to save her huge investments in China which have already suffered heavy damage.

But Japan's bellicose Premier Prince Konoye, chagrined at the lack of progress of Japanese military machine, continued to indulge in bombastic talk of "drastically chastising and entirely obliterating the Chiang Kai-shek administration." He told a gathering of provincial governors in conference at Tokyo that Japan would use her "entire national resources" to help develop the new pro-Japanese anti-Comintern regimes established in North and Central China.

Worried by the prospect of prolonged China hostilities, Baron Seinosuke Goh, leading Japanese industrialist and head of the Japan Economic Federation, announced a three-point program for "winning the war." The program, adoption of which by Japan's businessmen and industrialists was urged by Goh, includes:

1. A concerted effort to accumulate war materials required for military needs;
2. Promotion of foreign trade in order to obtain foreign credits;
3. Co-operation between businessmen and the Government in checking a rise in commodity prices.

Disapproving of Japan's policy towards China, Wataru Kaji, a leading Japanese Communist writer and his wife, now taking refuge at Hankow, are working in the Political Affairs Department of the Generalissimo's Headquarters, doing anti-war propaganda. Their main task is to write handbills addressed to Japanese troops, which are delivered by Chinese planes flying over Japanese lines. The two Japanese also prepare radio broadcasts in the Japanese language condemning Japanese militarists and imperialists.

An anti-Red Mohammedan Congress sponsored by Japan will meet in Tokyo in the middle of the present month, according to *Domei*. The congress, it was claimed, would be attended by representatives of Mohammedans from 44 foreign countries who would be asked to approve a resolution denouncing Bolshevism and pledging support of the anti-Comintern camp.

Gen. Chiang Kai-shek, interviewed at Wuchang by Pierre Scize, war correspondent of the *Paris Soir*, expressed confidence in China's power of resisting the Japanese. "The recent changes in Japan's military tactics" Gen. Chiang declared, "prove that the strength of Chinese resistance came as a complete surprise to the Japanese militarists who are no longer sure whether or not they may be able to win a protracted war."

"On our side are the manpower and the natural resources and with these we are certain of being able to resist to the end," Gen. Chiang continued. The Generalissimo also declared that unification is complete throughout the country. Thanks to Japanese aggression, China's unity has actually been consolidated.

Chinese defences in southern Shantung and north Kiangsu are strong enough to withstand any Japanese attacks, declared Gen. Li Tsung-jen, Commander-in-Chief of the Chinese Forces on the Tientsin-Pukow Railway front. As a result of guerilla activities, Gen. Li said, the rear of the Japanese troops is being constantly harassed and their line of communications disrupted. By thus sapping the strength of the enemy, the Chinese forces are well prepared to exterminate the Japanese troops occupying positions to the south of Yihsien and Tsaochwang, southern Shantung, in the near future.

Firm confidence in the ultimate success of the campaign of resistance was expressed by Gen. Chiang Kai-shek in a circular message of encouragement to all Kuomintang members throughout the country. The Japanese armies are showing signs of exhaustion, the message stated, while the prospects of a Chinese victory are growing ever brighter. In view of the heavy sacrifices already made by the people in resisting Japanese aggression, the message urged, that all Party members should unhesitatingly make personal sacrifices so as to set a worthy example.

In his capacity as Tsung Tsai (General Executive) of the Kuomintang, Gen. Chiang issued an order prohibiting the organization of cliques within the Kuomintang. Pointing out the gravity of the national emergency, the order stated that internal unity is more important now than ever before. The organization of cliques within the Kuomintang is to be strictly prohibited. Any existing cliques within the Party should be immeditaely dissolved, so as to consolidate the foundation of the Party. Gen. Chiang threatened severe punishment to any person found guilty of violating the order.

Denying any attempt to undermine the Kuomintang Government, Chow En-lai, Communist leader at Hankow, denounced as "a very clever forgery' a widely circulated pamphlet entiled the "Chinese Communist Party's Policy." The pamphlet alleged that the Chinese Communist Party was plotting to isolate the Kuomintang, eventually overthow the National Government and set up a Communist state in China. Mr. Chow reiterated the Communist Party's "sincere desire to co-operate with the Kuomintang in a united front against Japanese aggression. He expressed confidence that "unity and victory for the Chinese cause will disprove the ugly rumors."

Chungking police, according to a *Reuter* report, raided (April 22) various bookstores throughout the city and seized all leftist literature. It was reported that the books seized were chiefly Communist publications criticizing the policies of the National Government.

Warm support to the Central Government in the present war of resistance against Japanese aggression was also pledged by the China Youth Party in a letter addressed to Gen. Chiang Kai-shek and Wang Ching-wei, the Tsung Tsai and Fu Tsung-tsai of the Kuomintang. The letter signed by Tso Shun-sheng, leader of the Party, pointed out that though the China Youth Party firmly believed in ultimate success of the campaign, greatest care should be exercised in the prosecution of the campaign. Declaring that the ideas of the Kuomintang are idential with those of the China Youth Party, as both aim at national salvation and reconstruction, the letter urged that all political parties in China should accept Dr. Sun Yat-sen's *San Min Chu I* as guiding principles and stand together in working for the welfare of the nation.

Of interest to both Chinese and foreigners was the report from Hankow that Gen. Chiang Hsueh-liang, ex-Manchurian leader, had been appointed member of the standing committee of the National Defence Council at Hankow. Gen. chang who was deprived of his posts after the Sian coup of 1936, has been living in retirement, first at Fenghua, Chekiang and, later in Hengshan, Hunan. He recently arrived at Hankow from Chungkiang, where he went about a month ago.

Gen. Chen Chi-tang, former Commander of Kwangtung provincial forces, was also appointed member of the stand committee of the National Defence Council. Gen. Chen went abroad in 1936 after the Liang-Kwang trouble and returned to China last autumn following the outbreak of the Sino-Japanese hostilities. After his return, he donated $7,000,000 (Hongkong currency) towards the Government's war chest and was subsequently appointed a member of the National Government Committee. Two subordinates of Gen. Chen, Lin Yi-chung and Ou Fang-pu, are understood to have also been given important posts at Hankow.

Following in the footsteps of Li Shih-hao and Wu Kwang-hsin, two other prominent Anfu politicians, Chang Shih-chao and Tseng Yu-chun, former Ministers of Justice and Communications in the Peking Government also arrived at Hankow to pledge their loyalty to the National Government. Both Chang and Tseng emphatically declared that they had never conferred with the Japanese or puppet authorities regarding the organization of the bogus administrations in Peiping or Nanking.

As a final measure for readjustment of the situation in Szechuan following the death of Gen. Liu Hsiang, former military and civil leader of the province, the National Government has announced the following appointments:

> Gen. Ho Kuo-kwang, Director of the Generalissimo's Provisional Headquarters at Chungkiang;

Gen. Liu Wen-hui, Defence Commissioner of the Szechuan-Hsikang Border, concurrenrly Deputy Director of the Chungking Provisional Headquarters;

Gen. Pan Wen-hua, Deputy Pacification Commissioner for Szechuen and Hsikang (Gen. Ten Hsi-hou, Pacification Commis-sioner).

Gen. Wang Tsan-hsu, Commander of the 44th Army, concurrently Acting Chairman of Szechuan.

Gen. Chang Chun, Vice-President of the Executive Yuan, whose appointment as Chairman of Szechuan precipitated a near crisis, will not take up the post.

Chow Fu-hai, newly appointed acting Director of the Central Publicity Council, has assumed office. Ku Meng-yu, close associate of Wang Ching-wei, was appointed Director, but he was unable to accept office because of ill health. Hollington K. Tong, Deputy Director, is in charge of the work of international publicity.

Chan Chi-pen, well-known jurist, has been appointed Secretary-General of the Judicial Yuan, succeeding Hsich Kuang-sheng, who has been promoted Minister of Justice.

The Legislative Yuan resumed its regular sessions at Chungking April 25. The meeting, held under the chairmanship of Vice-President Yeh Chu-tang in absence of President Sun Fo, confirmed the following measures: Regulations governing the organization of the People's Advisory Council, Revised Organic Law of the Executive Yuan, and Revised Organic Law of the Ministry of Interior.

MADAME CHIANG KAI-SHEK MADE CLASSMATE OF WELLESLEY

The senior class of Wellesley College has elected Madame Chiang Kai-shed to honorary membership, according to a dispatch from Wellesley, Mass., in the *New York Times* on March 20.

Madame Chiang was already a member in good standing of the class of 1917, the year of her graduation, but in addition is now an elected honorary member of the present graduating class.

It has long been a custom for each graduating class to elect two honorary members, one from the college community and one from the outside world. The seniors this year selected President Mildred H. McAfee of Wellesley as one member and for the other they turned to Wellesley's most famous graduate. Madame Chiang sent the following cable of appreciation to Miss Lucile Johnson, senior president, "Honored and delighted to accept Nineteen Thirty-eight's invitation to become honorary member. Greetings to classmates. Mayling Soong Chiang.

Japanese Losses in China to Be Investigated

Establishment of a commission to investigate damages sustained by Japanese nationals in connection with the China incident was announced last week by the Government. Foreign Minister Koki Hirota will preside over the commission and will nominate its members. Government officials are already in China, investigating losses borne by Japanese nationals as the result of the current hostilities.

OF RED STARS AND RED HERRINGS

Editor, *China Weekly Review*:—

Thanks very much for the space devoted to a long review of "Red Star Over China" which appeared in *The Review* for March 26. The writer, "H.H", is evidently an observer who has closely followed many of the events which the book describes and as such is of course entitled to his own interpretation of them, as his information may be more complete than mine. But unfortunately H.H. so curiously interweaves his own opinions with fragmentary quotations and opinions credited to me that I fear many people may find it difficult to distinguish one from the other. Inasmuch as we obviously profoundly differ on several basic points it seems necessary to clarify these distinctions especially as *The Review* is so widely read by many Chinese who probably will never see my book.

Of some hundreds of reviews of "Red Star" which have appeared in Europe, America and Asia *only* H.H., to my knowledge, implies the following startling conclusions: that the United Front constitutes a disaster and surrender for the Communists; that the Communists have abandoned the struggle for social revolution; that the Chinese Communists have been betrayed by both their national and international leadership; and that the present resistance is not a revolutionary war of independence but a betrayal of the Chinese people who are now "sounding new depths of suffering and degradation." I feel entitled to point out that H.H.'s conclusions are entirely unsupported by my book, which reaches conclusions quite the contrary.

Firstly, H.H. says, that after 1927 "There were still, indeed, some Chinese Communists who believed in social revolution, and wanted the support of the Red Armies for working-class uprisings." The implication is that all those opposed to Li Li-san did *not* believe in social revolution and that with the discrediting of Li Li-san's program social revolution was abandoned as a Communist revolutionary aim. This is entirely Mr. H.H.'s idea and finds no echo in my book. In my opinion, the contention cannot be supported by facts.

Secondly, H.H. asserts that in the Northwest the Red Army discovered that their leaders "were really trying—desperately trying—to surrender, with the single stipulation that they should continue to retain their armies intact and under their personal control in their own districts." That is quite untrue, and in direct contradiction to a mass of information presented in my book.

Thirdly, the reviewer says that a few years previous to the United Front movement "the social revolution and even the idea of socializing the land had been abandoned (except as an 'ultimate aim' of the dim future) in favor of agrarianism . . . For a year the Red leaders carried on, desperately begging for acceptance of their surrender, asking only to be permitted—as powerful bandits had been permitted in bygone days—to continue in command of their forces . . . But it was not until Sian that their actual surrender was accepted." The term "agrarianism" is naive and ambiguous. If H.H. means the agrarian revolution, then that was and of course remains a Communist objective, but the abandonment of "even the idea of socializing the land" is something which took place only in the imagination of H.H. and his obviously confused notions of the nature of the Chinese revolution.

As for the Communist insistence upon the United Front that was dictated by all the objective circumstance of China. Its realization constituted a clear triumph of brilliant political strategy which has made possible China's present magnificent struggle for freedom.

H. H. writes: "The division of land among the Chinese peasants, creating a great class of landed farmers as the basis of the agrarian soviet regime (which did not even call itself a socialist soviet republic) is called a firm basis for Socialism." It is called that only by H. H. and not by me. This error is again perhaps due to H.H.'S hazy conception of the present stage of the Chinese revolution, which is purely a bourgeois-democratic struggle against imperialism and feudalism, and not a "socialist" revolution at all. The Communists fought for the aims of bourgeois-democratic revolution and for the hegemony of the workers in that revolution, and in order to transform it, if possible, to a later stage of socialism—but their land reforms were and remain simply the task of agrarian revolution as part of the bourgeois-democratic revolution. This rather complicated conception is clearly explained in "Red Star Over China" in sections ignored (or perhaps skipped) by H.H.

Fifth, H.H. ridicules the notion that among young Chinese, socialism is "taken for granted as the future form of Chinese society", and he himself explains that most young Chinese (presumably of his acquaintance in Shanghai) are "completely individualistic (or 'familistic') in their outlook." Naturally I referred only to those young Chinese who do any political thinking at all and not to the pancakes who frequent the night clubs. And while I agree with H. H. that among even those young Chinese who think politically the majority is individualistic and familistic in practice, I do not see that that contradicts my contention that most of them "take for granted" that the *future* form of Chinese society will be socialistic.

H. H. also considers it "arrant nonsense" to suggest that foreigners and foreign institutions have sent religious and political workers to China far in excess of those sent by Russia. There exists abundant evidence even in the daily record of the press of such activities on the part of Western secret agents, diplomats, missionaries and business men during the past ten years. But of course it is the Fascist powers which chiefly directed their propaganda activities in China with a unity of purpose and official subsidy. Surely H. H. will not deny, for example, the expenditure of hundreds of millions of yen on subsidized newspapers, magazines, spy schools, military missions, good will tours, books, etc., and the promotion of "pan-Asiaticism" and "Sino-Japanese cooperation" by Japanese agents?

A few more points. H. H. conveyed the impression that there were altogether less than 20,000 survivors of the Long March. This was my estimate of the survivors of only the First Front Army. The subsequent arrival in the Northwest of the Second and Fourth Front armies swelled that number to at least 90,000, perhaps as many as 120,000—although this second section of the marchers followed a year after the vanguard had parted with them in Szechuan. Finally, I don't agree that "The Chinese Soviets" by Victor Yakhontoff and "China's Red Army Marches" by Agnes Smedley lose their value as a result of my book. Both those volumes were pioneer efforts and entered a field on which there was a poverty of information and tremendous riches of misinformation. Both cover phases of the soviets in Kiangsi of which I know little. That they contain errors of detail is quite understandable in view of the great difficulties which faced any investigator of the soviets at that time. But certainly both books contain material of permanent value to any student of the Chinese Communist movement—which is all I expect anyone to say for "Red Star."

Shanghai, April 29, 1938 EDGAR SNOW

Three Million War Refugees Return to Interior

While no complete statistics are yet available, it is learned that refugees who have flocked into the interior provinces from war areas along the coast reached the figure of 3,000,000 at end the of March, *Reuters* reports. War refugees from Kiangsu province who have registered at the Kiangsu Guild offices in various interior provinces now total 300,000. Most of them came from Wusih, Ishing and Changchow, in the Shanghai-Nanking area. They traveled westward following the retreat of the Chinese army from towards the end of last year. So far about 300,000 of these war refugees are being cared for by government or philanthropic organizations. Investigations by war refugee workers reveal that about 75 per cent of the refugees are under 30 years of age. Many older men and women were unable to survive the hardships and privations necessary for escape from the war areas.

About 55 per cent of the refugees were connected with educational and cultural institutions, 21 per cent with government or Kuomintang offices, 10 per cent with business concerns, 6 per cent with labor groups and 2 per cent with farming groups, while 2 per cent were unemployed. Over 70 per cent of these refugees belong to the middle class, and about 9 per cent of them have considerable wealth and property of their own. A special relief committee has been established by the Chinese government to look after the war refugees. The committee is headed by Hsu Shih-ying, former Chinese Ambassador to Tokyo. There are very few war refugees here from Chekiang province. The Japanese advance towards Hangchow from the Shanghai area pushed the Chekiang refugees into southern Chekiang. They are unwilling to leave their native province, believing that the Japanese advance into Chekiang will be halted on the north bank of the Chientang river. Most of the war refugees in upriver ports come from Kiangsu province. Very few of the refugees are peasants since Chinese farmers are accustomed to stay on their farms despite war, flood or drought.

Aw Boon Haw Donates $2,000,000 for War Relief

Hu Wen-hu (better known as Aw Boon Haw), Chinese multi-millionaire industrialist and philanthropist in Singapore, has donated two million dollars to the National Government for the establishment of hospitals for wounded soldiers and orphanages for the children of soldiers killed in the campaign of resistance. President Lin Sen has cabled a message of commendation to Hu thanking him for his large contribution.

$100,000 for War Relief in Anhwei

The Executive Yuan has appropriated a sum of $100,000 for relief of war refugees in Anhwei. The appropriation was made on the recommendation of the Anhwei Provincial Government, which recently submitted a report to the Yuan on the refugee situation in Anhwei.

War Relief in Taierchwang

Tsao Chung-chih, representative of the Executive Yuan, has arrived at Hsuchow from Hankow en route to Taierhchwang, southern Shantung, to attend to the work of war relief there. Tsao brings with him a sum of $150,000 for distribution among the war refugees at Taierchwang, and will give special attention to the succour or refugee children in that war-torn district.

Vast Migration in China

A vast migration "probably unprecedented in modern history" is taking place in China as a result of the Sino-Japanese war, according to a recent issue of *Far Eastern Survey*, published by the American Council, Institute of Pacific Relations. From the Shanghai-Nanking-Hangchow area at least 16,000,000 people, it is estimated, have fled westward. Nanking, capital of China, has seen its population shrink from over 1,000,000 to 300,000, exclusive of the Japanese garrison. Since the beginning of the war the residents of Hangchow have been reduced from 600,000 to 100,000. The congestion in certain areas is becoming extremely serious. In the middle Yangtze, the provnicial governments of Kiangsi and Hupeh have settled war refugees on new uncultivated lands. Where often 10% to 30% of a village population has fled to some neighboring district, and when no land is available, readjustments are imposing insuperable difficulties.

U. S. Plans Funds for China

Plans for the raising of U.S.$5,000,000 for relief work in China will be discussed this week at a conference of the China Relief committee of the Foreign Missions of North America, it was announced in New York. Dr. Ralph E. Diffendorfer, Chairman of the committee, said the sum "is the least we should contemplate raising in the demonstration of our fellowship and friendship toward the Chinese."

Japan Continues Creation of Gigantic Plans for Development of China

JAPAN'S expansive plans for the development of North and Central China each week become greater and greater; as their financial situation becomes more alarming and with each new expression of internal unrest due to their army's slow progress and its constant financial drain on the small merchant, Japan's politicians add new projects to the grandiose schemes for the widening of Japanese investments in China. Some, undoubtedly, are not worth the paper they are written on; others are definitely *bona fide* projects. They do, however, have the effect of appeasing the public.

In the past fortnight, from Tokyo, Peiping and Tientsin come announcements of plans which, if carried out, would completely remake China. Projects range all the way from building canals, new cotton and silk mills, iron and coal mines, railways, air lines, trans-pacific radio communication to oil firms and fishery companies.

Japan knows that a vast amount of capital is required for her economic development of North China, and most of it, she is saware, must come from her own country, although she is making a strenuous effort abroad to obtain credits for machinery and other necessary goods. Hachisaburo Hirao, supreme economic adviser to the North China Expeditionary forces, president of the North China Economic Council and vice-president of the Japan-China Economic Council, explained Japan's position thusly:

"A decision already has been reached regarding members of the North China Economic Council and the Japan-China Economic Council, which shall determine the fundamental policy for the economic development of North China, and they are ready to adopt concrete measures as soon as the proposed North China Development Company is officially organized.

First Steps Taken

"In the meantime, business is being actually undertaken in the monetary and agricultural and other branches outside the scope of the North China Development Company. In agriculture, an experimental station has been set up, to which agricultural experts are invited from Japan, to guide the farmers of North China and to promote co-operative farming. The organization committee for the North China Depalopment Company is expected to be formed shortly, but it is not yet known who will be president. The administration organized recently in Central China will join the 'Provisional Government' in North China sooner or later. However, economic development work will be carried on separately, as already decided. When the North China Depelopment Company is formed, there will be organized various subsidiary corporations under its control, in such lines as railways, communications, mining, salt and electric power.

"Regarding the iron manufacturing industry, the Nippon Iron Manufacturing Company operates various enterprises in North China. These probably will be merged with a new iron manufacturing company to be organized under the control of the North China Development Company. For the development of North China vast capital will be required. According to mining experts, for instance, Yen 560,000,000 will be needed for railway and harbor works alone in order fully to develop the Taitung coal mine. It is necessary to obtain credit from foreign countries in the form of machinery and other necessary commodities. Credit offers already have been received from certain European countries. However, most of the vast capital required must come from Japan. It is expected that the financial position of the Provisional Government will improve appreciably in view of the fact that the financial burdens hitherto imposed on the people of North China have been unloaded. Yet, the Provisional Government will have to issue bonds under the guarantee of the Japanese Government to obtain necessary funds for public understaking.

Coal Development

"This fundamental principle of the development work in North China is to relieve the people of the region of their present plight. As one urgent relief measure, it must be attempted to increase production of raw cotton and wheat. I am of the view that the annual output of these two staple agricultural products could be easily doubled in five years. Coal deposits of North China, which are vast, must be developed under a unified plan. Some advocate a plan to develop the resources separately in different localities, but this will not do. One company is enough for the industry. Nothing can be said about concrete measures for the development of North China before the official organization of the North China Development Company. We must not be too hasty about things. The Japanese are usually too hasty. At a recent meeting of the Japan-China Economic Council, the Chinese members asked the Japanese not to be too hasty. They said that it was very difficult for them to keep pace with the Japanese people. We must resolve to set about the present task on a long-range basis. Mutual confidence between the Chinese and Japanese is essential in attaining successful results. Further, it may be mentioned that the Japan-China Economic Council will not set up any rules to govern its acts. It would be hopeless if we could not do anything without rules. The Chinese people dislike rules, as a Chinese old saying has it that three articles of law are enough to rule the people. It is essential to promote mutual profit based on mutual confidence."

Following are some of the projects either planned or under way:

In an attempt to establish direct radio communications between Shanghai and San Francisco, the Japanese military authorities are building two radio stations, one at Kiangwan and another at Yangtzepoo, according to well-informed circles. Large quantities of building materials for the radio stations and large numbers of technical experts have arrived here recently from Japan.

Japanese to Build Canal in Hopei Province

The Japanese financiars have decided to build a canal in Hopei Province. This project has obtained the approval of the Japanese authorities as it is believed that the canal will greatly develop the economic conditions in the province. According to the present plan, the Japanese financiers will organize a Hopei Canal Company to be capitalized at Yen 10,000,000 to dig the canal with its head office in Tientsin. The canal will run from Shihchiachuan to Tientsin, making full use of the small creeks in the area. It is reported that with the completion of this project, 15,000,000 tons of commodities will be shipped to iTentsin from the interior of Hopei by way of this canal every year. It will eventually assist greatly to the development of coal mines in Shansi Province.

Air Lines for China

The Japanese Aviation Corporation and the Tung Hui Company (a Sino-Japanese aviation company organized by the Japanese authorities and the former Hopei-Chahar Political Council) are planning to inaugurate the following eight air lines: (1) The Shanghai-Fukuokar line, (2) The Nanking-Shanghai line, (3) The Shanghai-Hangchow line, (4) The Shanghai-Peiping line, (5) The Shanghai-Tientsin line, (6) The Shanghai-Dairen line, (7) The Shanghai-Tsingtao line, and (8) The Nanking-Hangchow line. Well-informed circles declare, however, that under the present circumstances, the Japanese companies will unable to inaugurate any of these lines.

One million catties of improved seeds of cotton have been sent to Peiping from Korea and will be distributed by the "Provisional Government" to the farmers in North China. As a result of repeated discussions between the Japanese Ministries of War, Foreign Affairs and Colonial Affairs, it is been definitely decided that the Ministry of Colonial Affairs will be entrusted with the task of mapping out plans for the development of cotton plantation in North China provinces.

Yen 10,000,000 Fishery Company Projected

The Chosen Government-General has started to turn its attention to the marine resources along the coasts of China since the outbreak of the China Incident. In this connection, the Government-General has despatched the Asakaze and the Terukaze, two test vessels of the Government-General to the Chinese coasts to make a survey of the marine resources in those districts. As a machinery for developing the marine resources, the Government-General is planning to establish a Yen 10,000,000 fishery company.

Chengteh-Tungchow Railway Built by Japanese

In an attempt to dominate North China and to penetrate deep into Inner Mongolia for their future attacks against Outer Mongolia, the Japanese authorities have built a railway connecting Chengteh in Jehol and Tungchow near Peiping. Construction work of the line was started last September. April On 1 this year, the entire line was opened to tarffic. Great importance is attached to this railway line by the military authorities of various countries.

The Korean Cotton Mill has decided to establish a branch factory in North China, according to well-informed circles. With the permission of the Governor of Korea, management of the cotton mill has already sent a number of representatives to North China to make preparations for the establishment of a branch factory. The branch factory will have a capital of Yen 10,000,000, of which Yen 5,000,000 will be spent for the building of the factory plant and the purchase of 60,000 spindles and 1200 weaving machines. It is reported that the factory will be built at Shihchiachuan according to present plans.

Development of Tatung Coal Mine

In connection with the production expansion of coal in China, one of the most important items of the North China heavy industrial development activities, an annual production of about 20,000,000 metric tons inclusive of the consumption on the spot by the and of 1942 on the basis of an estimate that the coal consumption in Japan will increase to about 80,000,000 metric tons within the period of five years is believed necessary. The development of

(*Continued on page 288*)

The Situation in Central Hopei

The following article is a summary of what Haldore Hanson, Associated Press correspondent, learned on a trip through central Hopei in March of this year. Most of the material, the author admits, is the "official" Red version of their activities, but the information, he says, was confirmed through several sources so that it may be taken as reasonably reliable.

WE road in the newspapers that there are guerilla attacks on the Pinghan railway, and that chaos prevails between the railways. Both are partially true, but the biggest development is the growth of the People's Self Defence Armies (*Jen Min Tze Wei Chun*) and the governments which accompany them. More than 500,000 men are under arms. The mass movement is rapidly attaining the peak of strength which the Red organizers achieved in Hunan during the Kuomintang revolution 12 years ago.

Who is leading the Movement? Roughly half by trained communist organizers, and half by patriotic students and professors whose only purpose is anti-Japanese work. A very small fraction of the directors are local people, though there are now probably over 1,000,000 people serving actively in the movement, either as soldiers, or in the various propaganda corps.

What have they achieved? This question in the past tense is worthless unless it is realized that everything accomplished so far has been done in 4 months. The movement is rolling up like a snow ball, growing in geometric proportion to the length of activity.

A briefest summary of its activities would include: 17 hsien governments each enforcing the most rigid anti-spy activities, the training of a small mobile army, strongly equipped with machineguns, employed principally against the railway, over ten radio stations, a postal system for 3,000 towns and villages, a telephone system with 8,000 li of wires and over 600 offices, a uniform factory turning out 1,100 uniforms a day, 11 small arsenals making rifles, trench mortars, black powder, ammunition, land mines, hand grenades, broad swords, and bayonets, the publication of 17 daily newspapers and one 72-page half-monthly magazine, fourteen hospitals caring for 600 wounded.

What is the legal status of the new Government? It is an emergency government authorized by the Chinese Central Government in Hankow, and entrusted to the leadership of the Chinese communists. By a mandate of December, 1937, the Central Government created the *Chi Ch'a Chin Pien Ch'u* (Hopei Chahar Shansi Border Government) with capital at Fuping, 80 miles west of Paoting on the mountainous border of Shansi. This organization is headed by a communist who was formerly vice commander under Lin Piao, Mr. Nieh Jung-cheng.

The Fuping Government divided its jurisdiction into five areas as follows:

In the Fuping area the new district governments are already completed. In area No. 2 (which I visited) the organization is about 2/3rd completed. In area No. 3 the Red Army is now disarming the bandits preparatory to political organization. The other two areas No. 4 and 5 are still in the zone of hostilities. The No. 2 Government which I visited is officially known as the Central Hopei Preparatory Office (*Chu Chung Ch'o Pet Chu*). Red Army columns have already entered Shantung east of the Tsin-Pu railway and Suiyuan north of the Pingsui, but the Chinese Government has not yet authorized the extension of Red political control to those areas. Five groups of Red organizers are operating in the Kiangsu-Chekiang-Anhwei area occupied by the Japanese, but I was unable to learn what agreement they have made with Chiang Kai-shek. It appeares that the Generalissimo is willing to concede to the Reds any territory which his own armies have lost.

How do the "Reds" Organize a Hsien?

Political agents get in contact with the various patriotic societies in each hsien town. The National Salvation Association and similar organizations had units in every hsien before Lukouchiao. These societies become the nucleus for the Mobilization Committee (Tung Yuan Hui), the highest local government during the period of organization. The Mobilization Committee includes gentry, and peasants. It has the power to requisition man power, skilled workers, money, food, clothing and weapons. In every town and village a Mobilization Committee is organized with this supreme power. Whenever one of the mobile units moves into town, the hsien Mobilization Committee takes complete charge of feeding and housing them, dividing the responsibility among all the nearby villages. The Mobilization Committee theoretically controls all troops in its area. It has guards at every village and every crossroad. No peasant can move without a passport. Even the military commander is stopped at every village to check his identity. I travelled over 200 miles by horse and motor car, and was stopped probably 100 times by these guards.

Every cartload of food or cotton must also have a passport which is controlled by the Mobilization Committee. No outsiders can become members of the Mobilization Committee. Theoretically it is the local people donating their own materials for defense. Ultimately the hsien government will replace the Mobilization Committee. At present the two organizations exist side by side. In the Fuping area some districts have already combined the two. The *hsien governments*, in contrast to the Mobilization Committee do contain some outside leaders, but the Reds say that is only a temporary expedient, because the chief duty of the district government at present is skilled propaganda. The ultimate aim is local autonomy under a paternal supervisory super-structure.

How the Military Forces are Organized

Of the half million men under arms, more than nine-tenths are farmers who serve part time as guards, but do not fight outside their own district. They are a precautionary development against a future invasion of the Japanese. Perhaps a quarter of them are armed with rifles and revolvers, The rest have broad swords, long swords, spikes, and hand grenades. (The Reds themselves do not know the exact proportion). The mobile units under the *Self Defense Government* consist of a growing number of battalions of 1,500 men each, subdivided into units of 500 (*ying*), 150 (*lien*), 40 (*p'ai*), and 14 (*pan*). Each group of 500 has a political director who carries on political propaganda among the troops. Every unit from the *pan* (14) to the *ying* (500) is led by officers from one of the political academies at the Hopei Field Headquarters or at the Fuping government headquarters. The combined political-military academies were both organized in December 1937. The Fuping academy graduated 600 officers on March 1, 1938 and started a new class of 800. The Field Headquarters graduated 250, and now has a second class of 300. The term in both schools is three months. The curriculum in the schools is roughly 1/3 military and 2/3 political. The subjects include guerilla tactics, machinegun technique, history of socialism, fundamentals for organizing the masses, the economic situation in Japan, the world political scene in 1938, etc. Commander Lu Cheng-tsao himself teaches a course in "The inevitability of Chinese victory."

The army is fed entirely by the people. The uniforms are produced in a factory at headquarters which turns out 1,100 complete suits a day. They use only home spun cotton from their own area. The total cost of one uniform is Mex. $1.14 (U.S.$33). Including underwear, shoes, stockings, cap, and all, a full outfit costs only Mex. $4.20 (U.S.$1.24). All the materials are available within the area now controlled by the Self Defense Armies. In this uniform factory the Armies have 120 workers, 52 sewing machines, 40 skilled tailors. All of them work without pay, except ten tailors who receive $5 (Mex.) a month. Originally more than half of them demanded salaries, but after political agents had been active in the group for two months, all but ten refused their salaries. (Since the commander in chief gets no salary, it seems rather shameful for a tailor to demand pay). I found the workers extremely enthusiastic, continually shouting and singing.

The insignia on the soldiers' uniforms reads "*Jen Min Tze Wei Chun*" or "People's Self Defense Army. Above the characters are the 5-pointed red star. Officers and men wear the same mark. The headquarters is supplied with less than a thousand cavalry, but these are divided up among the various battalion and used for emergency relief during Japanese attacks.

Can the Reds Supply their own Arms? Not entirely. They have 11 small arsenals, most of which have just been organized. The arsenal at headquarters has an iron foundry, carpentry shop, machine shop (run by diesel engines), and repair shop employing 120 men. They are able to make rifles, mortars, bayonets, ammunition, and hand grenades. The steel supply is plentiful because a large shipment of tool steel and powder ingredients was on its way to Taiyuan when the war broke out, and was later seized by the Reds.

The greatest short coming of the arsenal is the inability, sofar, to Manufacture acids. Several chemistry professors from Peiping are now working on the problem. The technical leadership throughout the arsenals appears to be excellent. In ten other country towns the army has organized small arsenals which make hand grenades, swords, bayonets, rifles, pistols, and do general repair work. I should say that the only work of sufficient volume to be important is the hand grenades and broad swords. The iron for this work is mostly scraps, especially the old iron basins which are used for cooking in the farm homes. They are smelted in small furnaces, poured into moulds, tempered, and ground into shape, mostly by workers who were previous in the trade.

In each of the eleven counties directly under the control of headquarters there is a hospital. The headquarters unit has three doctors, one from the P.U.M.C., one from Japan, and one from the Hopei Medical College. They had over 100 patients, a small part of which were farmers who had been wounded by the Japanese. Medicines are definitely meager, but the "underground railway" system now used by the Reds for transportation from the large cities is gradually filling in the shortage.

What Communications do the Reds Have? At present they are using radio, telephone, motorcar, motorcycle, bicycle, and horses. Their radios are barely sufficient for their present military units, and must be augmented as the fighting force grows. At present there are twenty trained operators, and a class of 30 men studying radio work at headquarters. The Reds have their own code, which is a numerical system for 12,000 Chinese characters. Every place name or military person also has a special number. Communications seemed to be efficient. All battles fought in south

Shansi would be radioed to headquarters at Fuping, and relayed to the Central Hopei headquarters within twelve hours. Any speeches made by General Chiang Kai-shek in Hankow were available in the Red newspapers of Central Hopei the next morning.

The Red motor fleet is composed of 23 motor trucks, some captured from the Japanese and some loaned by the various country governments. They also have three staff cars, a number of motor cycles, a large number of corriers on bicycles and horses. The telephone is the chief means of communication within the Red state—4,000 square miles, with 7,000,000 people at present. The Reds inherited 2,000 miles of telephone lines from the old county governments, and over 300 telephone offices. All these are in constant operation.

What about the Spy System ?

I was unable to get any estimate of the total size of the spy system, but they seem to be omnipresent. Every Japanese railway garrison has at least one Red spy among its labor corps. The Commanders claim that a change of Japanese garrison strength along the railway will be relayed to them within 5 hours. In some places the Red telephones extend to within 5 li (one and a half miles of the railway, so that spies only need to go that distance to call headquarters. In other places the news must be carried by bicycle a distance of ten or fifteen miles to cross the Red border. I did not hear of any radios in the railway zone or in the large cities, though the Reds would naturally be able to use them if th earrangements could be made. The greatest usefulness of the spy system at present is the reporting of the exact location (which houses and how many men) the Japanese are occupying along the railway, so that night attacks can be accomplished speedily. A second duty is the reporting of all Chinese spies working for the Japanese, who are executed each time a railway town is captured.

What effective opposition can the Guerillas Give to the Japanese ? So far the Reds have tried three methods, two of which have had little direct effect on the Japanese military machine, while the third is only beginning.

Attacks upon the railway and telephone communications, rails are ripped up nightly, but the Japanese can always repair them in a few hours the next morning. In the past four months more than a hundred trains have been partially detailed, forcing the Japanese to keep six engineering trains along the Pinghan line between Fengtai and the Honan border.

The telephone sabotage is definitely useful for the attack on small garrisons, because most stations have no radios.

Altogether 36 garrisons have been wiped out by the Central Hopei forces since the first of this year (a period of 3½ months) and an equal number of stations have been captured by the forces west of the railway. This activity in itself, which caused a total casualties in the neighborhood of 100 a week, is a small irritation, mainly useful in lowering the Japanese morale. The last method is economic sabotage. All coal mines, iron mines, salt fields, and other sources of raw material desired by the Japanese will be attacked and destroyed. The Chinghsing coal mines have been three times attacked, once dynamited, and once set on fire. The iron foundry at Shouyang on the Chengtai Railway was once dynamited.

Originally the Reds voted that no cotton should leave their areas this winter, but the blow was so heavy on the farmers, that the policy was reversed at the end of February. When I visited the area in March the roads were choked with cotton carts, all going to Japanese agents along the railway. Wherever a station is captured now, the Reds burn this cotton. For the 1938 growing season most cotton lands have been turned into wheat to feed the guerillas. Thus there will be an enormous food surplus by the autumn of this year. No cotton may be exported from central Hopei after June, 1938. This of course does not apply to the railway zone which the Japanese loosely control. The Reds also refuse to export food products to the railway cities which is forcing towns like Paoting to use Manchurian or Australian wheat. These imports must ultimately be paid for by Japanese foreign exchange, since North China will certainly have an adverse balance of trade.

A new Red currency is now being organized, and is said to be recognized by the National Government of China. The Reds will deposit National Notes for every dollar of their own money issued, the idea being that their own money will not be accepted in Peiping and Tientsin. Therefore there will be no purchase of Japanese goods. A central Hopei government estimates that it has $20,000,000 in banknotes among the farmers, and perhaps $3,000,000 in silver.

The Friendly Armies.

Because of the suspicion of the Kuomintang toward the Communists, the Reds have deliberately refused to take direct control of all the territory alloted to them by the Central Government. For example, the No. 2 area in Central Hopei controls 11 hsien, but is organizing around that nucleus 12 more hsien controlled by the so-called "friendly armies." Some of these cooperating units are little better than bandits and have done some looting. Others are largely composed of students from Peiping who have little experience in military affairs.

Of the units on which I got definite facts, the following five are important :

(1) The *Min Chun* (People's Army) with headquarters at Poyich. 11 Tuan of troops totalling about 18,000 men. The leaders of this unit are largely graduates and recent students at American Missionary schools in Peiping. They all spoke English with me. (2) The *Anti-Japanese Volunteer Armies* (*Kang Jih I Yung Chun*) with headquarters at Jaoyang. It had somewhat less than 7,000 troops, and is headed by a General Hsiang. Several former bandit units are included. (3) *Yu Chi Ssu Ling Pu*)(Guerilla Headquarters) at Hochien with 11,000 troops headed by General Meng Ching-shan. This group is about half bandits, and has caused considerable trouble. The Reds know that certain officers in the group are receiving money from the Japanese, but because of their motto that "Chinese do not fight Chinese" they are trying to win over the group by political pressure. Meng's group is undoubtedly the worst under Red influence. (4) *Yu Chi Tui* (Guerilla Corps) with headquarters at Wuyi and Hengsui. I did not learn the strength of this group. (5) Another *Yu Chi Tui* at Hsienhsien with only 3,000 men under General Shih Ching-shan, It was this group that annihilated 200 Japanese who tried to press westward from the Tsin-pu railway in the middle of March, 1938.

The Red leaders are quite critical of the Friendly Armies, and readily admit that both discipline and idealistic basis of their movement gradually declines the farther one travels from their headquarters.

What is the Mass Movement ?

The mass movement is an attempt to educate the farmers to defend themselves, and to share their wealth with the Red defense corps. The Mobilization Committee takes care of the wealth. Under this committee are the Women's Society (*Fu Nu Hui*), with over 400,000 members, the Young Men's National Salvation Association (*Ching Nien Chiu Kuo Hui*) covering all men ages 15-18, the Little Vanguards Battalion (*Erh T'ung T'uan*) ages 8-15, and finally the People's Self Defense Corps, embracing all men between the ages of 18 and 48. The last group is now receiving a month's military training as fast as officers can be sent from headquarters. I saw a review of 25,000 of them in one town. They will fight only in their own districts. The women's society will be used only for propaganda in the home. Every effort is made to avoid the debauchery which accompanied the 1927 revolution. The Little Vanguards are used largely for spying purposes. The Young Men's organization is receiving the most intense military training of all, since they will become the officers of the self defense corps. An estimate of one million people active in the mass movement (out of 7,000,000 population in this area) is very conservative. The Reds estimate it much higher.

What is the basis of appeal to the farmers ? The northern Chinese farmers are notoriously indifferent to political movements. I was interested to find out how the Reds were winning them over. Officially the Reds are using the anti-Japanese motive as their only appeal. Their posters, speeches, dramas, lurid cartoons all emphasize the cruelty of the Japanese troops. Each district has a travelling dramatic club which puts on a program of 6 dramas lasting six hours. I saw the headquarters group, and have honestly never witnessed a better amateur dramatic group. The leader is a former professor of art in Peiping.

The central theme is anti-Japanism.

But the abolition of the revolutionary land program has not prevented the Red leaders from making some very shrewd bids for mass support. The land of all landlords who have fled to Peiping (and most of them have) is guaranteed to be the owner's property, but is temporarily used by the new government. It is distributed among the poor, or among the refugees from villages, which the Japanese have burned. The Reds collect the rents, and promise to repay the landlord in full whenever the owner returns. This is undoubtedly a large source of revenues at present. Secondly, all rents have been arbitrarily lowered 25% in some areas. In others the reduction is higher or lower. Thirdly, a moratorium has been declared on all debts for three years, and interest during that period shall be 1% annually. Fourthly, the land of all farmers who have no animals will be plowed by Red cavalry horses, assisted by Red troops. I saw this work in progress wherever I went. Fifthly, any refugees within the Red areas who do not have enough food until the harvest must be fed by the Mobilization Committee. Sixthly, the system of requisition used by the Mobilization Committee is collecting food and cloth for the army is so organized that the burden cannot fall upon the poor.

The system is variable, but here is a typical example from Tanghsien west Paoting. Each member of a family is allowed 3 *mu* of land (½ an acre) unassessed. In other words, in a family of five, fifteen *mu* bear no assessment. All people owning more than that minimum will share proportionally to their holdings. Since more than half the population have less than the minimum amount of land, the burden must fall on the well-to-do. In Chinese this is called *ho li fu tan* (reasonable responsibility). Without in any way violating the agreement with the Kuomintang to abandon the radical land program, the Reds have succeeded in winning the support of a large part of the poorest farmers, whose holdings are not dependent upon the maintainence of the present government.

The Reds' Education and Publicity

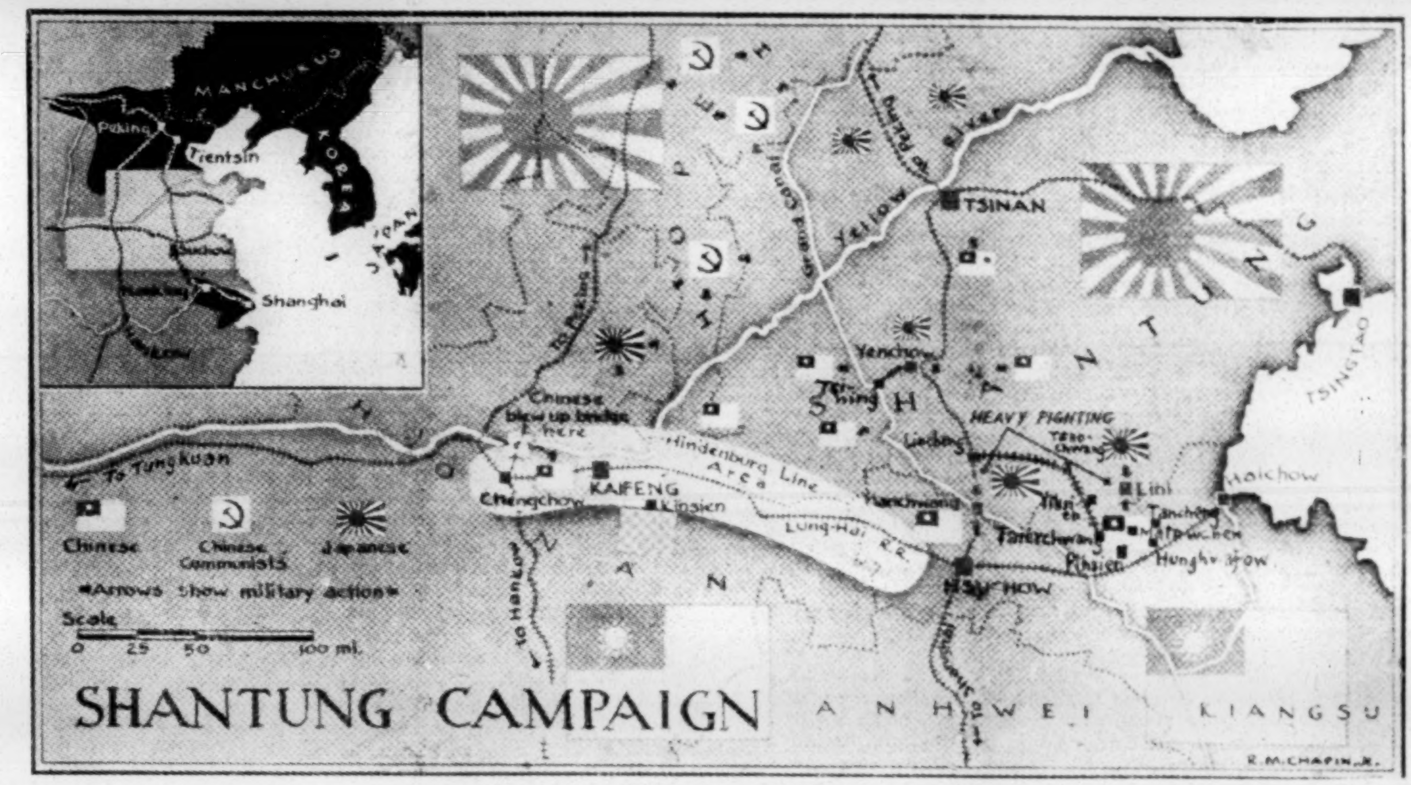
The Reds in Central Hopei are operating more than ten times as many schools then the Japanese are supervising in Peiping. In the district of Ankuo I saw a review of 8,000 students, marching with drum and bugle corps, all carrying anti-Japanese banners, while the nearest Japanese garrison was only 8 miles away. The

(*Continued on page 283*)

Japan's Offensive Bogs Down On Six Fronts

THE war this week in southern Shantung moved into the decisive stage of battle, as China launched its general offensive, with 800,000 men massed on a wide front. And, as the Chinese heavy batteries poured tons of bursting shells into Japanese lines, Chinese forces once again moved forward—and Hsuchow, the goal Japan has sought for the last two months, became more and more distant. China's new battering ram was not only slowly smashing the Japanese lines in Shantung, but the force of its attack also was felt in Shansi, Hopei, Anhwei, Kiangsu and Chekiang provinces. Despite bland denials by Japanese spokesman of Chinese victories, the fact remained that the Japanese army has not obtained one single goal (the admission of this is in their own silence) on any front in the past three weeks. They have met one defeat after another. The most crushing of a long series of setbacks was met in Hankow when their large air squadron, sent to bomb China's capital on the Japanese Emperor's birthday, was virtually wiped out by Chinese and Soviet airmen.

As China's big offensive got under way on May 3, Chinese forces claimed to have driven back Japanese troops seven miles on the southern Shantung front, the brunt of their attack smashing through the center of the Japanese line situated north of Pihsien and east of Taierchwang. The Chinese marched on, occupying Talingpi and Siaoliangpi, villages west of Szehuccheng. Before them, retreated the Japanese forces.



Map of the battle lines in Shantung, from *Time*, April 4.

Following the arrival of 2,000 Japanese reinforcements, a Chinese military communique declares, the Japanese in northeast Taierchwang are launching attacks on Chinese positions in the vicinity of Hsinlungtsi and Yingchwang, but the Chinese lines remained intact. The Chinese Command is now watching closely the movements of Japanese troops in west Shantung, where Japanese reinforcements are being rushed to Tsining and Nanyangcheng in preparation for a drive southward towards Kinghsiang and, eventually, Kweiteh, on the Lunghai Railway, west of Hsuchowful A Chinese column, according to Chinese reports, has advanced to a point 40 kilometers north of Tenghsien towards Ninyang, which city is situated northwest of Yenchowfu. Chinese troops entered Wushing, on the south shore of Lake Tai, May 3, but withdrew later due to a severe Japanese artillery bombardment.

Recapture of Tancheng Seen

Tancheng, historic city in southeast Shantung, about 20 miles from the Lunghai Railway, has been completely encircled by Chinese troops and is expected to be recaptured shortly. Chinese forces on the south side are reported to have reached villages only one kilometer south of Tancheng; on the west Chinese troops are attacking Matoucheng, possession of which means complete command of the Tancheng areaz and on the east a Chinese flying column, after moving around the Japanese flank and reaching a point behind Tancheng, has launched an attack upon the city from the northeast. Successes in the Wuhu sector are also claimed by the Chinese.

Confidence in the ability of the Chinese forces to repluse the Japanese drive in south Shantung was expressed by General Chen Cheng, Minister of the Political Affairs Department of the Generalissimo's headquarters and concurrently Garrison Commander of the Wuhan area. Even if the Japanese succeeded in occupying the entire Tientsin-Pukow Railway, General Chen said, the Chinese would continue to put up effective resistance, while Japanese difficulties in China would increase with a further penetration into Chinese territory. The Japanese forces in Shansi, he asserted, had been forced to abandon their line of defense and were now only holding points, many of which had already been captured by Chinese troops.

Attacks by guerilla troops on Japanese forces in the immediate Shanghai area is causing considerable worry to the Nipponese. Early this week the Hungjao district was closed to all Chinese because of the intensive activity of guerillas in that area. Also the close scrutiny of all vehicles crossing the Garden Bridge, the personal searching of all Chinese seeking to enter Hongkew and the closing of the Chapoo Road Bridge as far as motor traffic was concerned were taken to mean that the Japanese alarm over sudden attacks by mobile Chinese troops is growing.

Operating along the Nanking-Hangchow Highway, Cninese guerillas captured Hunglanpu, 4 miles west of Lishui, which is 35 miles south of Nanking, Saturday. Continuing their advance eastwards, the guerillas reached Tungshan, gateway to Lishui city. The Japanese have retreated into the city which is being besieged by the Chinese. In a night attack launched on Japanese outposts in the east and south gates of Tangtu, 40 miles south-west of Nanking, on April 25, Chinese guerillas killed 20 Japanese soldiers and captured a dozen rifles.

Yunnan To Send Three New Divisions

Three new divisions are being organized by General Lung Yun, Chairman of the Yunnan Provincial Government, for despatch to the southern Shantung front to participate in the campaign of resistance. Several Yunnan divisions, it will be noted, have already rendered signal service at Taierchwang, in southern Shantung, where the Chinese defeated the Japanese.

Chinese Air Raids on Wuhu

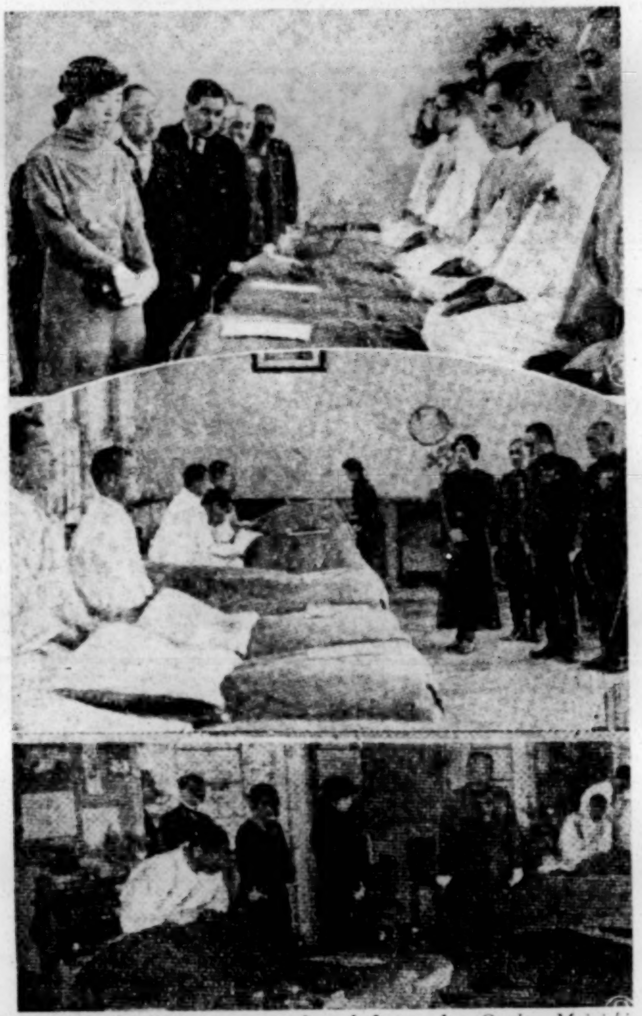
A squadron of three Chinese airplanes made successful raids on the Japanese positions in Wuhu and Pengpu, in Anhwei province, on April 30. During the raid on Wuhu, more than 40 Japanese soldiers and over 20 horses were killed. The Chinese raiders then proceeded to Pengpu, in northern Anhwei, where scores of bombs were dropped on the Japanese aerodrome. While leaving Pengpu, the Chinese airplanes encountered a squadron of six Japanese airplanes, and a dog-fight ensured. Though outnumbered, the Chinese raiders succeeded in downing a Japanese airplane before returning safely to their base.

Chinese Report 30,000 Japanese Killed Early in April

More than 30,000 Japanese soldiers were killed and over 1,000 made captive by the Chinese forces operating on the Shansi-Suiyuan, Peiping-Hankow, Tientsin-Pukow Railway zones and the Kiangsu-Chekiang-Anhwei fronts during the period between April 1 and 15, according to statistics compiled by Chinese military circles.

1. *Shansi-Suiyuan front.*—More than 30 battles were fought in various parts of Shansi and in the Peiping-Suiyuan Railway zone. During these encounters, 7,600 Japanese soldiers were killed and over 600 taken prisoners. Among the important cities and towns recaptured by the Chinese are Chinshui, Yangcheng, Siangning, Kihsien, Wuchai, Ningwu, Pienkwan, Tsingping, Changtze and Laoyingpao, Besides destroying 300 Japanese trucks and tanks, the Chinese captured 1,600 rifles and 140 horses.

HOSPITALS OF JAPAN FILLED WITH WOUNDED FROM CHINA FRONT



These pictures, reproduced from the *Osaka Maiuichi* (April 16) show wounded officers who are receiving treatment in hospitals in in western Japan. The picture at the top shows Princess Higashi-Kuni of the Imperial Family visiting a military hospital for wounded officers. The picture in the center shows the princess at another hospital at the Himeji Army base. The picture at the bottom shows the Army hospital at Nara where another large group of wounded soldiers is quartered. The picture shows H. I. H. Princess Dowager Higashi-Fushimi visiting the Nara hospital on April 14.

2. *Peiping-Hankow Railway front.*—More than 20 battles were fought at points along the northern bank of the Yellow River, along the Peiping-Hankow and Taokow-Chinghua Railways as well as the Honan-Shansi, Honan-Hopei and Honan-Shantung borders. Over 2,100 Japanese soldiers were killed, including a colonel and a major, and 88 soldiers taken prisoners. The Chinese captured 513 rifles, 24 horses, 56 machine-guns, 17 motor trucks, 35 bags of rice, more than 10 cases of canned food, as well as a large number of flags and documents. The Chinese also destroyed 5 Japanes field guns, 130 motor trucks and 3 railway coaches. Among the cities recaptured by the Chinese are Pingyuan and Yucheng, respectively 52 and 32 miles north of Tsinan, the Shantung provincial capitalz Hwahsien, 3 miles south of Taokow, the eastern terminus of the Taokow-Chinghua Railway in northern Honanz Kwancheng, on the Shantung-Hopei border, Yuanku, on the northern bank of the Yellow River in northern Shansi, and Yungtsing, on the western bank of the Yungting River, 33 miles south of Peiping.

3. *Tientsin-Pukow Railway Front.*—Fighting on this front was entered at Linyi, south-eastern Shantung, and Yihsien and Taierchwang, on the Lincheng-Taierhchwang branch of the Tientsin-Pukow Railway, in southern Shantung. Only small-scale guerilla warfare occurred on the Southern Section of the Tientsin-Pukow Railway front in northern Anhwei. Altogether, more than 1,7000 Japanese soldiers were killed, including Colonel Kawashima, a regimental commander, and 800 Japanese were taken prisoners. The Chinese captured 1,800 rifles, 26,000 rounds of ammunition, over 100 pistols, 120 heavy and light machine-guns, 10 artillery pieces, 12 tanks and armored cars, 21 motor cars and trucks, 2 radio sets, 1 motor cycle, 3 telegraph sets and 192 horses. Four Japanese field guns, over 30 trucks and 1 airplane were also destroyed. A large quantity of Japanese foodstuffs, steel helmets, anti-gas masks, flags and documents was also seized.

4. *Kiangsu-Chekiang-Anhwei Front.*—Over 20 battles were fought along the Nanking-Hangchow and Nanking-Shanghai Highways as well as in the Fuyang-Yuhang sector. More than 6,000 Japanese soldiers and 100 horses were killed. Three Japanese trucks, 2 motor-boats, 7 canvas boats, over 20 machine-guns, 800 rifles, 300 steel helmets and a large quantity of foodstuffs and documents were captured. In addition, 8 Japanese motor-boats and 4 motor trucks were destroyed.

Shipping Firms Accept Only China Currency in North

Only Chinese national currency is being accepted by the foreign steamship companies in Tientsin in payment of freight and passenger charges. This is in line with the policy of the foreign firms in Tientsin which are accepting only currency depositiable with the foreign banks there. Freight and passenger tariffs on the Dairen Kaisen Kaisha and other Japanese steamship lines operating to the northern port have always been payable in yen. The new North China "Federal Reserve" notes are convertible into yen. The Japanese lines are thus accepting the "Federal Reserve" notes via the conversion route.

Subsidiary Coins Minted in the Interior

After the suspension of operations by the Central Mint in Shanghai following the outbreak of hostilities last August, the Wuhan Mint and the Chengtu Mint have been instructed by the Ministry of Finance to turn out large numbers of subsidiary coins. At present the Wuhan Mint produces 20,000 pieces of these coins a day. In addition to the Wuhan and Chengtu Mints, it is reliably reported that the Ministry of Finance has now built a new mint in an undisclosed district in Szechuan Province.

By the end of April, outstanding accounts to the amount of $10,000,000 will have to be settled by the various commercial firms in this city. It is reported that these firms are arranging with the banks to postpone its settlement till the end of October.

Copper Coins Smuggled Out of Shanghai

Over 800,000 pieces of copper coins have been smuggled out from Shanghai every month since February, according to well-informed circles, causing a serious problem of shortage of copper coins in the local market. These large amounts of copper coins were being used to manufacture armaments by a certain country.

Hupeh Borrows $6,000,000

The Committee on Co-operative Affairs of the Hupeh Province concluded two loans, one with the Bank of China and the other with the Farmers' Bank, amounting to $6,000,000. According to the committee, $2,000,000 will be advanced to the farmers with their crops as mortgages and the remaining $4,000,000 will be used to encourage the farmers to cultivate wheat in the province.

Koreans To Form Trust Here

In an attempt to amalgamate all Korean business enterprises in Shanghai, the Shanghai Koreans' Association is planning to organize a "Tung Fang Trading Corporation (Eastern Trading Corporation) in Shanghai. It is reported that this corporation will control and assist the individual Korean companies to carry on their business. The savings association organized by the Shanghai Koreans' Association is reported to have become very popular among the Korean residents here. So far 57 Koreans have joined the savings association as members.

Puppet Regime Organizes Nanking Bank

The "Nanking City Government" has organized a Nanking Bank. Capitalized at $1,000,000, the bank will issue subsidiary notes for circulation in the city. It is reported that $8,000,000 legal tender notes issued by the Chinese Government banks are now in circulation here.

More Chinese Going to Japan

The number of Chinese coming to Japan for travel or residence is increasing, *Domei* reports. Before the hostilities there were about 4,070 Chinese students and more than 4,000 Chinese workers and business men in Japan.

What Has Japan Gained in the Current War?

BY C. Y. HSU

THE Japanese military have been carrying on their war of conquest in China for ten months. By this time they should be reckoning, or the Japanese people who bear the burden of the war, ought to be reckoning with them, what they have gained so far from it; and if there is any gain, whether it compensates her losses.

Speaking of gains, they must at once think of their military successes. It is true that with their superior armament the Japanese troops have won many victories since the outbreak of hostilities. But they have had their reverses, too. Reverses at Pinghsinkwan, Shansi. Reverses at Taierchwang and Linyi, Shantung. Reverses in the air. In a war of attrition, minor victories or reverses are of little significance. All hinges on the final victory. However, even all the military successes which Japan has so far scored can not compensate the loss of prestige of her army. If the war in the last ten months has proved anything, it has proved that the Japanese army is not invulnerable, and that Japan is not impregnable (as proved by the daring raid on Taihoku, Formosa, by Chinese planes recently).

Japan's air force has also made a poor display. Despite its numerical superiority, it has not been as efficient as the smaller Chinese air force. If it has "accomplished" anything so far, it has aroused the horror of the world for its wanton destruction of civilian lives and property. In her operations against China in the last ten months Japan has involuntarily exposed many of her military and other weaknesses to the world. Knowledge of such weaknesses of hers will be of immense value to the Power or Powers which should come into a war with her in the future. This is too great a loss to speak of compensation. Since the outbreak of hostilities, Japan has occupied by armed force large Chinese territory Can such territory occupied by construed as a gain? Hardly while the war is in progress. History has repeatedly shown that in a war one nation may first occupy large territory of another, but when the tide of war turns, it not only is driven out of the territory occupied, but even loses much of its own territory. During the World War Germany occupied much French territory, but at the Peace Conference at Versailles she had to sign away much of her own territory. Alsace and Lorraine were unconditionally ceded to France. Posen and most of West Prussia were ceded to Poland. In addition, the Saar Basin, Danzig, part of Schleswig and the coal districts in East Prussia and Upper Silesia were given up.

Controls Only Small Strips

In the provinces in North and Central China which Japan has occupied, she has gained control over only narrow strips of land lying along railways and highways. Even these communication lines are subject to constant attacks by Chinese guerilla forces which have sprung up in overwhelming numbers. Reports are appearing in the press almost daily that Japanese garrison posts are attacked and this or that town is recaptured by the Chinese guerillas. Forty thousand Chinese guerillas are said to be now surrounding Shanghai and gunfire is audible everyday from the outskirts. Around Peiping, Tientsin, Tsinan, Hangchow and other cities now in Japanese hands Chinese guerillas are also active. With the Chinese guerillas better trained, organized, equipped and commanded, the Japanese will find it more difficult to hold a place they occupy. And as their lines lengthen, they will be more vulnerable to Chinese attacks. Already neutral observers who toured Japanese-occupied areas in Shansi, Hopei, Honan, Anhwei, Chekiang and Kiangsu have pointed out their precarious hold on these places.

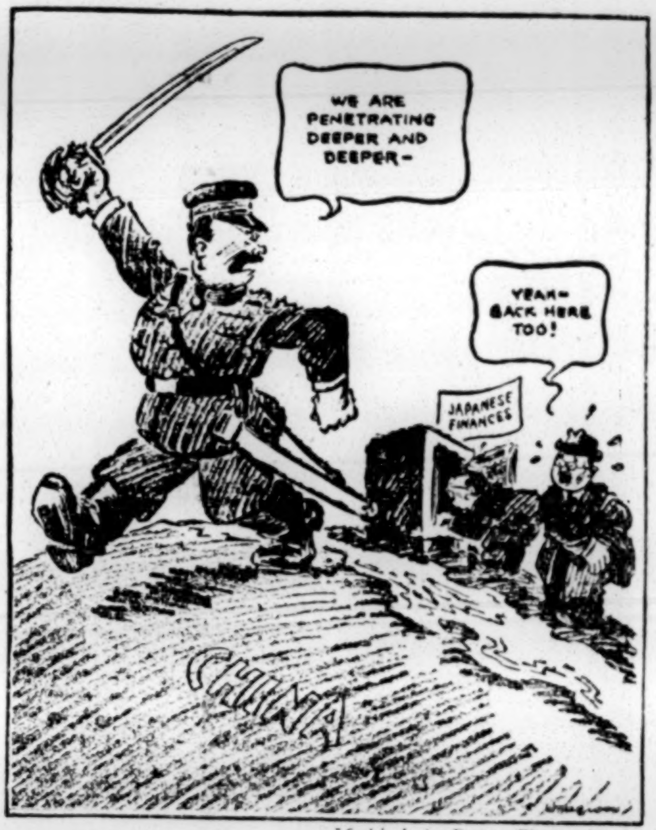
From the very beginning of the current hostilities Chinese leaders have foreseen the necessity of resorting to long-drawn-out resistance. Japan may occupy large Chinese territory, including many big cities, but she will suffer defeat when her man and material power is finally exhausted. As Generalissimo Chiang Kai-shek pointed out in his statement issued after the fall of Nanking, "the basis of China's success in a prolonged resistance is not to be found in Nanking, nor the big cities, but in the villages throughout China, and the determination of the people. The time must come when the Japanese military strength will be completely exhausted, thus giving us the ultimate victory." Far-sighted Chinese are therefore not perturbed by Japan's occupation of some Chinese territory at this stage of the war.

Financially, Japan can speak of no gain but loss an enormous loss. She has lost her trade in China and much of her trade in Europe, America, Australia, the Southseas and other parts of the World as a result of the widespread boycott movement. Her industries have been adversely affected by the war to no small extent. Many of the factories have either reduced their working hours, or are entirely closed. Take cotton yarn for example. Before the hostilities, Japan had a total of 8,000,000 spindles. But since last August, 750,000 spindles were destroyed in Tsingtao; 300,000 were put out of operation in Shanghai and over 3,500,000 have become idle. Her expenses for carrying on the war in China have been tremendous. Since the commencement of hostilities at the Marco Polo Bridge last July 7, various emergency expenditures passed or appropriated by the Japanese government have reached Yen 7,441,200,000. It is estimated that at the end of the current year Japan's national debt will reach the neighborhood of Yen 16,500,000,000.

China's Retaliation

In retaliation against Japanese atrocities the Chinese burned down the Japanese cotton mills in Tsingtao with property and machinery costing $100,000,000 upon their retreat from that city. Other Japanese properties destroyed in the last ten months as a consequence of the war were also enormous. Any place Japan occupies after China's resistance lies in ruins and is deserted by the Chinese. Under such circumstances she can not hope for a speedy recovery which may be advantageous to her financially.

PENETRATING DEEPER AND DEEPER


WE ARE PENETRATING DEEPER AND DEEPER—
YEAH— BACK HERE TOO!
JAPANESE FINANCES
CHINA

Herblock in Boston Transcript

With regard to Japan's purpose of "chastising the Chinese Government" for allegedly adopting an anti-Japanese policy, has she obtained any appreciable results? We find that after the lapse of ten months, the Chinese Government has not been a whit weakened by Japanese armed "chastisement." On the contrary, it has been able to consolidate and centralise its power because of the Japanese invasion. In the face of a formidable alien foe parties which formerly had differences with the Government have whole-heartily thrown in their lot in the struggle for national existence. Generalissimo Chiang Kai-shek whom the Japanese military consider as their arch enemy, is today stronger than ever before. By the recent Extraordinary Kuomintang Congress he was elected Tsung Tsai (General Executive) of the Kuomintang whereby he is vested with almost dictorial powers. As a matter of fact, he has been holding the reins of the government and supervising all Party, political, military and diplomatic affairs during the past few months as necessitated by the national exigencies. Under the leadership of Generalissimo Chiang a unified China is pitching her strength to fight against Japan the aggressor. The Japanese military may camouflage their sinister designs of the conquest of China by singling out the Chinese Government as the object of their "chastisement." But any impartial observer can tell it is not the Chinese Government that is alone resisting Japan, but the entire Chinese nation —a nation unified under the apprehension of alien aggression.

Japan's Naive Reasoning

As to Japan's professed intention of eliminating China's anti-Japanese feelings and winning her friendship by armed force,

(*Continued on page 290*)

Incidents Keep Shanghai Uneasy During Week

SHANGHAI, after a period of several months marked by no major incident, this week saw two attempts by Japanese to usurp authority in the International Settlement and the French Concession.

Sunday, May 1, Japanese military gendarmes occupied a section of Nanking Road in the vicinity of the Sun Ya Restaurant after an unknown person hurled a hand grenade, allegedly at a Japanese naval truck.

Saturday, April 30, Japanese soldiers staged a raid along the French Bund on two trucks carrying 30,524 ingots of nickel being shipped by the American Trading Company, an American concern, to Manila. The shipment was held up.

However, more than 24 hours after the Nanking Road incident, the last of the Japanese gendarmes who arrived at the scene an hour after the bomb was thrown, had withdrawn.

Twenty minutes later, British Military Headquarters here announced the withdrawal of the Seaforth Highlanders. Monday night it was reported, however, that by arrangement with the S. M. Police, a small Japanese unit returned to Louza Station shortly after 9 p.m. and together with a search party from the station, continued systematically to spread a dragnet over likely haunts in this district.

Arrive Hour Later

Arriving on the scene of Sunday's bombing more than an hour after the explosion, which lightly wounded ten Chinese, three women and seven men and a Sikh constable of the S.M.P., Japanese military gendarmes proceeded to line the streets with sentries for a block each way from the spot where the missile burst, 10 yards west of Sun Ya Restaurant. Following hurried negotiations with S.M. Police officials, the gendarmes were finally withdrawn from the streets at 10.55 p.m. Sunday, but proceeded to the Louza Station. Here they requested that the gendarmes, numbering approximately 40, should be put up for the night at the police station. This was refused, however, but a compromise was reached whereby six gendarmes should remain, providing they left the first thing in the morning. This was agreed upon, but, unknown to the police, another small unit remained overnight at the Sun Ya Restaurant. Failure on the part of the Japanese authorities to withdraw their gendarmes from Louza district Monday morning, as promised, was brought to the notice of the British Military Headquarters, since the district is part of the defense sector of the British forces. Major-General A.P.D. Telfer-Smollett arrived on the scene. Following a short discussion, two platoons of Seaforth Highlanders, on two trucks, was rushed to the scene.

Strongly indicating a stiffer attitude toward the independent activity of Japanese armed forces within its perimeter, the presence of the Highlanders was explained by the British Military Headquarters by the following announcement: "The British troops were posted at the scene of the grenade-throwing on Nanking Road because it is within the British sector. Their purpose is to restore confidence and to prevent any further incident which might arise from the presence of Japanese troops in that area. The British troops will be withdrawn as soon as the situation is normal."

Double Sentries Remain

For some time the Seaforth Highlanders, Lewis guns mounted on trucks, remained in the immediate vicinity of the Sun Ya Restaurant. Shortly after 1.30 p.m. Monday, when the Japanese gendarmes at this spot were withdrawn, the main body of the Scotch regiment left, leaving two double sentries on guard, one on either side of the restaurant. In the meantime, an agreement was reached at Louza Station with the Japanese military gendarmes there. S.M.P. officials agreed to spread a systematic dragnet in the Louza district north of Nanking Road, while the Japanese, on their part, consented to withdraw the last of the gendarmes following the completion of the search. From 3.35 p.m. to 6.30 p.m. members of the S.M.P. Reserve Unit conducted what may practically be described as a house to house search—taking in every lodging house, hotel, tea-room and other dwelling likely to house suspicious characters. The search proved fruitless.

At its conclusion at 6.30, however, Japanese gendarmes departed from the district entirely, as agreed upon. Their departure was followed by 20 minutes by the withdrawal of the remaining sentries of the Seaforth Highlanders. The return of a Japanese unit to the Louza station shortly after 9 o'clock Monday night was unofficial, however, and was agreed upon by negotiations at the Louza Station by the senior officer there. The search, conducted by officers of this station, accompanied by Japanese gendrames, continued until 11 p.m. Monday. Here, too, the search failed to produce desired results—no arrests being made. Definite proof that the handgrenade was thrown at a Japanese naval truck is still lacking. Police could obtain no eyewitnesses to the actual throwing—nor to the object of the as yet unknown culprit. The only clues in the hands of the investigators remain the fragments of the projectile, which is stated to be of the "Mills" type. While admitting that the S.M.P. exists as a force for the basic reason of co-operating with all those desiring law and order, and that the force is willing to investigate any complaints as far as possible, officials of the S.M. Police denied that they required assistance of the Japanese gendarmerie, indicating that they were well able to conduct investigation with the men at their disposal.

In the matter of the detention of the nickel ingots being shipped by the American concern, the company, it is understood, will lodge strong protests with the American Consul-General here. On May 3, *Domei* reported that while the ship was temporarily detained, ingots bound for the ship and metal already aboard were returned to the warehouse of the American Trading Company.

The metal was being transported by trucks driven by Chinese drivers, who fled immediately the Japansee soldiers appeared, armed with two machine-guns. One truck was left standing in the middle of the road, while the others either stood by the godown or were turned into lanes. The raid of Frenchtown by the Japanese soldiers—the first effort made by Nipponese troops to usurp the authority of the Concession officials—was declared by a Japanese spokesman to be due to an effort to "secretly remove a quantity of goods formerly belonging to the Chinese Mint." Officials of the American Trading Company, however, were told by the Japanese officers in charge of the party, that they were attempting to remove 300 tons of gold, deposited there by the Central Government.

While a spokesman of the Japanese Embassy said there was a standing agreement between the Japanese and French authorities to prevent the removal of ingots from their storing place, the French said they were unable to make any statement until they had completely investigated the incident.

Ridicule was poured on the Japanese claim by Mr. P. S. Gilman, agent for the American Trading Company. It was impossible to believe, he said, that even one-hundredth of that quantity of gold —or silver—would be stored by anyone in a godown. "We were loading a quantity of British and American-owned nickel, properly cleared through the Customs, for Manila," he said, "and any statement to the contrary is absolutely untrue."

The manifest made out for the vessel stated that 524 ingots of nickel were being consigned to Manila, ex the American Trading Company, while a foreign combine had consigned 30,000 ingots to Singapore.

After the Kingyuan, of Butterfield & Swire, the boat destined to carry the metal, left the French Bund Monday noon, it was halted again at Jukong wharf while Japanese gendarmes searched her thoroughly, allegedly for the man reported responsible for attempting to transport the ingots.

Japanese to Protest Garden Bridge Incident

Japanese Consular authorities here will file a protest with the British authorities against an alleged attempt to transport ammunition into the Hongkew area without previous notification, *Domei* reported May 3. The attempt, prevented by Japanese gendarmes on the Garden Bridge, precipitated a minor incident. A British motor lorry, *Domei* was informed by eye-witnesses, crossed the Bridge at 9 o'clock Monday morning in the northern direction. In the lorry, it was alleged, were one British bluejacket, seven Chinese coolies and 12 boxes of rifle ammunition. When Japanese sentries at the northern foot of the bridge demanded passes of the coolies and attempted to look inside the lorry, the driver turned about and drove towards the British Consulate-General.

When the truck reached the Consulate-General six Seaforth Highlanders took up positions between the lorry and two Japanese gendarmes and consular policemen who had followed it. The Japanese then lost sight of the lorry. Japanese authorities expressed regret that the British authorities did not give advance notice that they intended to transport munitions. Japanese authorities some time ago announced that advance notification must be given of plans to move ammunition or military supplies through Hongkew. It was alleged by the Japanese that a British policeman of the S.M.P. who happened to be at the scene of monday's incident showed a very "haughty and uncompromising attitude" toward the Japanese.

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300 Attend Farewell Party for Clarence Gauss

Approximately 300 Americans attended the community's farewell party to U. S. Consul-General Clarence E. Gauss, who is departing on home leave shortly, at the Columbia Country Club April 30. Speaking as the retiring president of the American Community of Shanghai, Dr. J. C. McCracken expressed on behalf of the entire contingent appreciation for the service rendered to local Americans by the departing Consul-General during the trying times of the hostilities. He also read Ambassador Nelson T. Johnson's telegram, landing the official for the manner in which he carried out his duties here, and a joint letter of the American Community, the American Chamber of Commerce and the Associated Missionary Body, which is being sent to the Department of State in Washington.

Cornell S. Franklin, Chairman of the S.M.C., also spoke highly of Consul-General Gauss. In replying, Gauss thanked the American community for its kind farewell. In conclusion, he stated that there was no one whom he felt was better qualified to act as consul-general in his absence than Frank P. Lockhart, new temporary Consul-General. The affairs was attended by Admiral Harry E. Yarnell, Colonel Charles F. B. Price, and leading civil, marine and navy officials.

Will Russia's Aerial Aid to China Hasten a Clash with Japan?

BY PETER SOUTH

JAPAN this week saw confirmation of a truism spoken by one of its own military officers following his return from Moscow. He said: "He who rules the air, rules the world."

On April 29, at Hankow, Japan began to realize the truth of this statement; saw in the smashing defeat handed their air squadron a growing dangerous situation perhaps far more potentially explosive than the North Saghalien trouble, the friction on the Soviet-Manchukuo border. To many a foreign observer, came the realization that here, on the battle field of China, was the real nucleus for a Russo-Japanese war.

The raid by Japanese naval planes on Hankow was meant as a birthday present for Emperor Hirohito. But to Japan's ruler, on the occasion of his 37th anniversary, came no glad tidings outside of the "cover up" story by the *Domei* agency. The navy's birthday present to the emperor was a loss of virtually a complete squadron of planes. Fourteen of them were brought down by Soviet aviators manning Soviet planes!

And with that, Japan's proud navy suffered, perhaps, the worst defeat in its history—at the hands of both China and Russia. Japan had lost the greatest air battle ever fought in the Far East.

While all Japan feted the emperor on April 29, and the ruler himself, astride his favorite horse, "White Snow," reviewed 17,000 crack troops as 150 military planes soared overhead, and while in Shanghai's "Little Tokyo," riotous celebration was in progress, interrupted only long enough for all to make a deep bow in the direction of the Imperial Palace in Tokyo, Japanese naval planes tuned up for their raid on Hankow.

The Navy Guessed Wrong

What plunged Japan's air force into that disastrous attack, only Nippon's naval officers can answer. Perhaps, goaded by their own press for their slow progress in penetrating deeper into China, for the immunity so far allowed Hankow, for the mistaken belief that China's new capital was vulnerable, caused the Bushido-instilled aviators to stage the raid from which none of their planes returned. The attitude of Japanese newspapermen a few days before the raid was reflected in the cabled dispatch of the *Tokyo Nichi-Nichi* correspondent from Shanghai. He declared: "A swift drive on Hankow is urgently necessary not only to deal a crushing blow to the National Government but also to foil moves made by various foreign powers to check the spread of Japanese influence. Some foreign nations, including Britain and France, still believe that the Hankow regime possesses sufficient strength and resources to continue large scale hostilities against Japan. The past fortnight has witnessed frantic efforts on the part of the Hankow administration to rally and reorganize its defeated armies." Japan's naval officers undoubtedly are not guided by what war correspondents think, but correspondents do reflect what military and naval men think. Japan obviously thought the time ripe to smash Hankow. How far they were wrong is testified to by the fields strewn with the wreckage of Nippon's planes.

While *Domei* reported that 51 Chinese planes were shot down in the raid and admitted that "two of the Japanese planes did not return to their bases," confirmation came from half a dozen sources that Japan's losses were 36 planes—that not a single Japanese plane escaped destruction. Other reports placed the loss at 22 and 24 planes.

Immediately after the air-raid alarm was sounded, according to the telegraphic report received in Shanghai, Chinese planes, concentrated in Hankow in anticipation of a Japanese raid, went up to greet the raiders. Forty Chinese planes engaged the Japanese planes and brought 22 of them down—13 pursuits and nine bombers. The Chinese air force, during this combat, lost five while two others made forced landings. As the remaining 14 Japanese planes were leaving 25 Soviet planes, manned by Soviet aviators took the air and engaged them. In the anti-climax of the dramatic raid, the Soviet planes made a clean sweep by bringing all the 14 down.

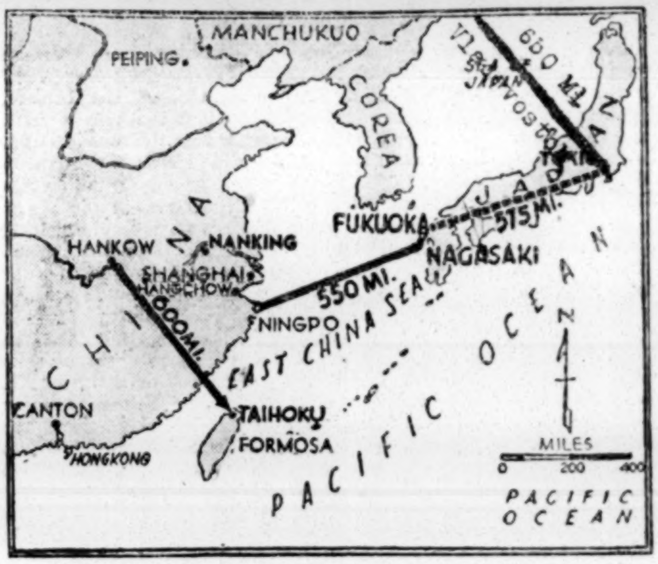
Japan's naval air force had met its first real test—and showed up, surprisingly, very poorly. Not discrediting China's role in the battle, Japan was made to realize the Soviet airmen and Soviet planes are formidable things—a fact that she must reckon with in a war with Russia. Japan's navy and army may ponder well this lesson handed them. What profit they will gain from it, remains to be seen. Whether it will place a quietus on her belligerent Soviet attitude or cause the decision that it is wisdom to strike at Russia now before she can further strengthen her Far Eastern air force is a question yet to be answered. One thing that Japan must know today is that her air force is not the powerful weapon she thought it to be. Japan also knows that there is no doubt that Soviet military aid to China has been carried out by the direct orders and guidance of the Soviet government.

Some Melancholy Facts

Captain Shigemi Yuzuhara, military attache to the Japanese Embassy at Moscow before the officers' exchange scheme was discontinued at the request of the Soviet government, brought home to Japan some illuminating and melancholy facts.

Soviet Russia, he told the press, aims at having the strongest air force in the world. Large quantities of materials are imported from America and Europe, and special efforts are being made to train a large and an efficient force of pilots. In 1936, Capt. Yuzuhara said, Soviet training schools graduated 8,000 civil pilots. The goal is an army of 140,000 fliers. He said Soviet officers are extremely reticent when questioned on their opinion of the Japanese air force. An almanac, The Air Force of Japan, published in Russia in 1934, he said, gave an amazing wealth of detail on Japan's aviation, "but still did not do justice to the strength of the Japanese air service. The activities of Japanese aircraft in the present hostilities with China," he added, "have probably opened Soviet Russia's eyes to the real strength of Japan's air force."

AIR RAIDERS OVER JAPAN!



This map shows air-line distances from the mainland to Japan—600 miles from Hankow to Formosa; 550 miles from Ningpo to Nagasaki or the naval base at Fukuoka; 575 miles from Fukuoka to Tokyo; and about 650 miles from Vladivostok to Tokyo.

Meanwhile, despite reports of an Soviet attempt to settle all outstanding issues with Japan, Japanese tell of the feverish strengthening of the Soviet war machine in the Far East. The newly-instituted Soviet independent navy department has decided to build a new fleets in the Pacific Ocean and northern waters. The existing naval bases in the Pacific will be expanded and strengthened, while new bases will be built at strategic locations, the reports declare. The re-equipment of the port of Vladivostok as the base of the Soviet Pacific has been Fleet completed. Also completed has been the construction of fortifications, defending the projected naval base in the estuary of the Amur River.

Work was said to be steadily progressing on the construction of a naval base at Petropavlovsk, Kamchatka's most important port. This base, is expected to be used by the warships operating in the northern waters. In the immediate vicinity of Petropavlovsk, the reports further asserted, a huge munitions plant is being constructed over an area of 500 hectares. Two new railways, designed to facilitate the transportation of munitions from Komsomolsk, the new industrial center in Siberia, to the new base in the Amur estuary and to the Soviet Bay.

Le Midi, of Paris, reports that the Soviet Government has decided to lay the Siberia-Mongolia Railway which has been a pending issue since the time of the Czar. As the initial project, a line will be run from Irkutsk to Ulan Bater. The railway will be of great political, military and economic importance and one which Japan cannot afford to ignore. The Kremlin apparently has seized the present moment to undertake its construction because of the preoccupation of Britain, which has been the chief opponent of the project, with European affairs, and of Japan twih the China hostilities. It presumably seeks to menace Manchukuo and to build up a foothold for coming out to the Baikal Lake.

Border Incidents Continue

And, as the Soviet's war-like plans march steadily forward day by day, incidents along the Soviet-Manchukuo border occur with growing frequency. Two Soviet pursuit planes on April 25 "chased" a Japanese ship off the Kamova lighthouse, close to the Soviet-Korean border. Two "objects" were said to have been released by the Russian aircraft, but failed to hit the ship, which immediately "escaped from the danger zone." The vessel involved in the incident was the S.S. Hakuyo Maru, of the North Korean Fisheries Experimental Station, engaged in patrolling Japanese fishing grounds off the Soviet Maritime Province. The headquarters of the Korean Garrison revealed that another incident had occured on the Soviet-Manchukuo border on the night of April 25. Gunfire was exchanged by Soviet and Manchukuo border guard south of Nanpiehli, 36 klms. east of Hunchun. When Japanese reinforcements arrived, the Soviet troopers, who had crossed the Manchukuo border, returned to their own territory. The same evening, Soviet guards allegedly again fired "several rifle shots" across the border line, but the Manchukuo force had suffered no casualties. The garrison claimed that incidents had occured along Russia's border with Manchukuo and Korea daily since April 22. On April 24, the statement asserted, "several tens" of Soviet soldiers had crossed the Russo-Manchurian border southeast of Nanpiehli.

Four Soviet border guards, including three Red Army officers and a cavalryman, crossed the Soviet-Manchukuo boundary at Yangkuanping on April 28. Japanese soldiers hurried to the scene but the Soviet scouting party had gone back across the border before they arrived.

Gaimusho Spekesman Attacks Russia

Soviet-Japanese relations took a sharp turn for the worse May 4, with the issuance of an official statement attacking Moscow's treatment of Japanese nationals and interests. The anti-Soviet broadside was second within 24 hours, on May 3, the Government asked Soviet Russia to cease giving military assistance to China. Simultaneously, it was indicated that another,—a third,—protest will be filed on the matter with Moscow. The Soviet Government, a spokesman of the Gaimusho declared "fails to reciprocate the goodwill manifested by the Japanese Government in its efforts to settle all pending problems between the two nations, despite Moscow's professed readiness to settle these issues in a spirit of concilition and concession."

The Soviet Government, the statement declared, demanded unilaterally the closure of Japanese consulates at Khabarovsk and Blagoveschensk, while negotiations on the subject are still in progress. The statement also referred to the case of Soviet steamers which were detained by the Japanese authorities for entering Japan's territorial waters, but were released by the Government, "actuated by the desire to improve relations between the two nations."

So goes the almost daily friction between Russia and Japan. Somewhere, on this Asian continent, like a vulcano, the eruption will come. But where, and when, none can say. The ever present fact is: Japan and Russia are destined to clash.

American Consulate Plans Unchanged

The State Department last week denied reports that the Government had abandoned plans for construction of a $750,000 consulate building in Shanghai. The Foreign Service Building Commission, however, has decided to postpone construction of the building temporarily, it was said. State Department officials indicated the building would be built after conditions in Shanghai and China in general become more settled. Meanwhile arrangements have been made to use the $750,000 appropriation intended for the Shanghai Consulate for other building plans elsewhere. If and when normal conditions return to Shanghai and China, it was said, money would be available immediately for construction of the Shanghai Consulate.

The office of Mr. Sam D. McReynolds, Democratic Representative of Tennessee and Chairman of the House Foreign Affairs Committee, pointed out that the United States owns the site of the proposed consulate building in Shanghai as well as the architectural plans. The project consequently could be easily revived, it was said, since the cost could be met from general foreign building funds obtainable through a long term building programme now pending in Congress.

U.S. Silver Imports

Silver to a total value of $5,468,000 was imported by the United States during the week ended April 22 compared with $1,769,000 during the previous week. Consignments of the white metal during the period under review were received from the following principal sources: Canada $174,000; Mexico $481,000; Chile $26,000; Japan $20,000; England $4,305,000; Dominican Republic $20,000; Bolivia $40,000; Belgium $2,000; Honduras $55,000; Nicaragua $3,000; Argentina $30,000; Peru $306,000; Turkey $2,000; Australia $2,000 and South Africa $2,000. Imports during the previous week came from the following principal countries: Canada $522,000; Mexico $813,000; Chile $3,000; Japan $60,000; England $341,000: Dominican Republic $10,000; Bolivia $4,000; France $1,000; Sweden $13,000 and Salvador $1,000.

Rising Price Level Perturbing Japan

THE price question has begun to assume serious proportions in Japan with the continuance of the emergency situation on a long-term war basis. The voluntary price control policy hitherto followed by the Japanese Government has proved a failure and, as a result, the Minister of Commerce and Industry, Shinji Yoshino, has decided to enforce a system of compulsory control. As one concrete measure, it is reported that the Ministry of Commerce and Industry will promulgate a separate ordinance on price control for commodities primarily needed for the people's daily life.

It is also understood that a special supply and demand readjustment commission will be set up to direct the price control of various categories of goods. Then, a maximum official price limit will be designated for each commodity and traders and merchants will be compelled to abide by that limit. In addition the Ministry will submit the fixing of prices of other commodities to central and prefectural price committees to be organized shortly. This is intended to ensure impartial and moderate prices of commodities. If reports are true, this wil lbe a decisive price policy, worthwhile for the public. On reviewing the tendency of commodity prices in Japan, it is found that the extent of rise was slack until be free the outbreak of hostilities. The situation generally was calm. A sudden change has occurred since the outbreak of the "incident." Prices have been rising quickly since then. This is not only the case with wholesale commodities, but also with retail commodities, which have a direct bearing upon daily national livelihood. At first, price rallies were limited to articles related to the munitions industry, but now they have spread to other kinds.

The index of average wholesale prices in Japan for March was 251.5 on a basis of 100 in October, 1902, according to the Bank of Japan. This index points to a rise of about 10 per cent over the June index of last year, immediately before the outbreak of hostilities. The index of average retail prices in Japan in April 15 was 197.6 on a basic figure of 100 in July, 1914, according to the bank. The index advanced 15 per cent over June last year. The rising trend has been especially pronounced this year.

State Expenditures Increase

Thus the price trend has taken an upward course, not only for munitions articles, but also for all other kinds, is noteworthy. This fact cannot be ignored at a time when state expenditures are increasing heavily, for it will affect the export trade and national livelihood unfavorably.

The Japanese Government has been paying attention to the task of readjustment of production and distribution of articles, but much has been left to be desired in connection with this policy. Availing themselves of the favorable opportunity, traders have resorted to illegal profiteering. That the Ministry of Commerce and Industry has decided to enforce a vigorous price control policy to prevent aggravation of the situation is pertinent. It is obvious, however, that, as price control becomes more vigorous, it will cause friction in various cirlces. Unless caution is shown Government price-fixing is liable to obstruct production and smooth supply and demand with the result that the national economic system of Japan may be seriously affected. Vigorous steps are now being taken to control the consumption of materials needed for national defense and to encourage the use of substitutes. The general use of gold and platinum is prohibited while restrictions have been imposed on the domestic use of iron, copper, tin, lead, nickel and other metals, rubber, hides and leather.

Emergency Measures Urged

A three-point program for bringing the current China hostilities to a successful end was advocated last week by Baron Seinosuke Goh in an address before the Japan Economic Federation, which he heads. The program, whose adoption by the nation's businessmen was urged by Japan's leading industrialist, included:

1. A concerted effort to accumulate war materials required for military needs;
2. Promotion of foreign trade; and
3. Co-operation between businessmen and the Government in checking a rise in commodity prices.

Dr. Schmidt Again in Soviet Favor

Dr. Otto Schmidt, famous Soviet polar explorer, has returned to favor with the Soviet regime after directing the rescue of 184 passengers aboard three ice breakers locked in Arctic ice jams 500 miles from Siberia since October, according to Moscow reports. Given only fifteen days to complete one of the most dangerous rescue expeditions in the history of the Arctic, Dr. Schmidt directed three multi-motored airplanes which today effected the rescue. The planes were able to pick up all but 33 of the passengers of the three Soviet ice breakera and supplies sufficient for two years were left with the small party forced to wait on the ice-locked ships until additional planes can reach them. Official accounts of the rescue here failed to mention the number of miles flown by the rescue planes which were piloted by M. Anatoly Alexev, M. Pavel Golovin and M. Orlov.

Southwest China Makes Bid for Foreign Capital

BY HIN WONG

RECENT visits of foreign diplomats, missionaries, merchants and others to Chungking, temporary capital of China, along with Hankow, have revived discussions among the interested of possible investments from abroad for the development of southwest China. For a time, some people, particularly those in Szechuen, were more or less adverse to the introduction of outside capital, including the transfer of interests from outports to inland cities; but the Sino-Japanese conflict and other circumstances have led to the removal of prejudice and other misunderstandings.

For some years the people in south-west China the inhabitants of Szechuen, Yunnan, and Kweichow—have been dependent on influence and agencies outside which may take what they have to offer, misinterpreting whatever attempts to improve matters for mutual benefit for intrusion of their vested privileges and prerogatives. Since the beginning of the Sino-Japanese conflict in which China has committed herself to the policy of prolonged resistance, conditions have much changed. Szechuen, for instance, has found its exports held up for lack of easy outlet, mainly due to the close of Shanghai as a transhipment point. In Chungking alone, more than $5,000,000 worth of goods is waiting for transportation down the Yangtsze River. Foreign articles, including petroleum oil products and cotton piece-goods, are now soaring to a degree that authorities have seen fit to control their sale, especially oil, which has become a government monopoly, being handled only through the Central Trust Company.

The key to the development of the southwest is improvement in channels of communications, railroads as well as highways. For the present demands of China, both local prosperity and national salvation have to be looked into. While depending principally on self-strength, outside support is not unnecessary, particularly in the opening of new outlets. Communication circles in the provinces of Szechuen, Yunnan, and Kweichow are paying no little attention to the possibilities of the projected Szechuen-Kweichow and the Szechuen-Yunnan Railway, especially the latter. From Yunnan, a line to Burma by way of Tali and Bhamoo may be built and this may lead to another means to the sea and Europe. British interests may look into this project as the French have already engaged themselves in the support of the Szechuen-Kweichow enterprise, the Chengtu-Chungking section of which is now in progress of construction.

French Railway Loan

A French syndicate has granted a loan to the Chuan Chien, or Szechuen-Kweichow, Railway Company, Ltd. The terms of of the loan lays a new basis for Sino-foreign co-operation. The most outstanding feature of the loan is the complete Chinese management of the railway. With the exception of two French experts to be employed during the construction period of perhaps two or three years and one for the balance of the period of the loan, the entire enterprise is to be undertaken by the Chinese. In all events the policy of the railway is to be decided by the company at its own discretion only, without affecting the rights of the French creditors, of course. The freedom thus enjoyed by the company is a new factor insuring its success which has so seldom been witnessed in other railway loans.

In the matter of materials and equipment to be purchased abroad, the French interests are liberal-minded enough to have agreed to compete with outside manufacturers and suppliers. Although the loan is divided between a group of French interests, no extra burden is thereby imposed on the company. By this arrangement, it will be enabled to obtain the best quality at the lowest price on a competive market. It is precisely for this reason that the projected line may have been built for less than $60,000,000, on a pre-war estimate, including a not inconsiderable amount of freight from Europe to a remote part of China through the difficult Yangtze gorges. Since the war, the building program has been interfered with, like many other projects both public and private. Still another feature of Sino-French co-operation is the appointment of the China Development Finance Corporation, a 100 per cent. Chinese organization, as the sole trustee for the service of the loan, assisted at the corporation's own suggestion by a loan service committee. In this wise, a new precedure has been established which may be emulated by other companies seeking foreign loans. It not only serves to remove undue interference with the management of a Chinese company on the part of foreign creditors, it also helps to protect the foreign creditors by reposing a trust in a Chinese Corporation of unquestioned standing.

A New Deal for China

When viewed in the light of the points briefly alluded to at the time of the announcement of the conclusion of the loan, it cannot be regarded as a mere business transaction, it should be also welcomed as signaling a new era of Sino-foreign co-operation. It is most likely that the Chinese at present would welcome foreign investment, especially for constructive and productive measures in territory still remote from possible invasion.

While the usefulness of charcoal, a variety of vegetable oils, wooden looms, and other local materials has become better realized and appreciated since the curtailing of certain imports, it does not mean that southwest China may not be in more need of foreign investments. Unless there are tractors to assist in the tilling of though arable but long-time uncultivated lands, the offer of Szechuen, Yunnan, and other local governments to facilitate settlements could not be very effective. Moreover, stronger built roads and bridges would be needed for the southwest, now working on a program of increasing production, and road-making machinery, steels, motor-trucks to the extent of thousands would much supplement the effort of the local inhabitants. Before the war, Szechuen Government alone sought some $45,000,000 to replace the present native establishments with modern sugar mills in order to promote this important industry for which this province has ample resource; and since the Sino-Japanese conflict, the Ministry of Economics has been devising plans for the export of salt. Both schemes would offer opportunity for foreign investments.

In the meantime, everything is now being done to find new outlets and improve transportation facilities so as to maintain the export of wood oil and other southwest products, while study is being made to better the silk and cotton productions, some of the most important items of Chinese-foreign trade. Not only foreign investments but western science is also helpful in these lines. Only recently the Szechuen Government ordered 30,000 piculs of Texas cotton seeds. The Szechuen Provincial Bank, the Szechuen Trade Bureau, the Szechuen Travel Agency, and other southwest enterprises recently opened offices in Hongkong, and one of their purposes is to connect Chinese and foreign interests for the development of the southwest on commercial basis for mutual benefit.

"Open Door" Still Open, Says Peiping

Reiterating the "Provisional Government's" continued respect for the "open door" policy, officials in Peiping have emphatically denied reports of Japanese plans to institute a petroleum monopoly in North China. Japanese interests, the officials said, are planning to establish a concern to distribute oil in the northern provinces, but this firm would not enjoy monopolistic rights. The Government, they declared, is extending a broad invitation to foreign concerns to expand their businesses in North China. There can be no talk of the exclusion of foreign oil interests from North China, they emphasized, for the region must continue to depend on petroleum supplied by British and American oil companies. Not only will the Government pay full respect to vested foreign rights, they asserted, but it will extend positive assistance to foreign concerns desiring to expand their storage and refining facilities in North China.

Yellow River Flood Control Projects Planned

A flood control plan to curb the destructive rampaces of the Yellow River will be drafted by an inspection committee of the "Provisional Government" of Peiping in collaboration with Shantung Provincial authorities. A scheme for dike construction along the river has been under consideration by the Shantung Provincial Government since early in March. The inspection committee dispatched by the Construction Bureau of the Provisional Government is making a survey of flood control measures. Members of the expedition will confer with Shantung authorities at Tsinan. The Construction Bureau of the Provisional Government, established on April 1, has launched an extensive program of road repairs, river conservancy, harbor improvements and irrigation works.

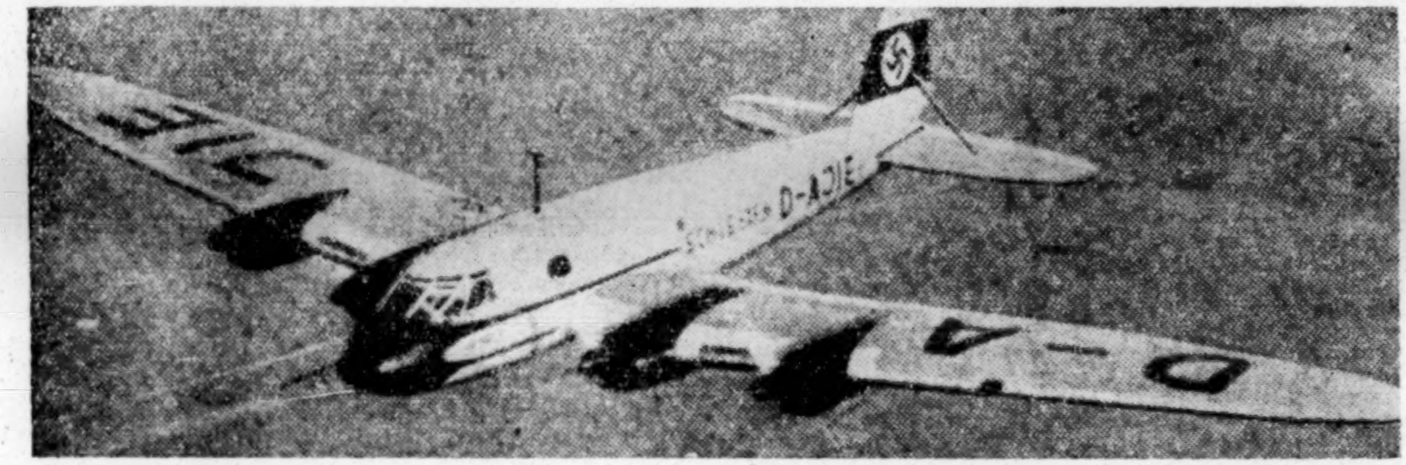
N.Y.K. to Build 21 Vessels

Expanding its network of shipping lines linking Japan with America, Europe and Far Eastern countries, the Nippon Yusen Kaisha has announced plans to build 21 vessels with a total tonnage of 221,600. The new ships, each with a tonnage of not less than 26,500, will be placed on the Japan-San Francisco run on completion of the construction program. Three vessels with a tonnage of 16,500 each will be put in the European service. Two vessels of 12,400 tons will be put in service between Japan and Seattle. Two more vessels of 11,600 tons will ply between Japan and Australia. Seven freighters of 7,100 tons each are included in the construction program. Another passenger vessel of 7,400 tons will be added to the Shanghai Rapid Express service. Four freighters of 4,000 tons will operate between Yokohama and Shanghai.

Japanese Pilot German-Built Planes in Fast Journey from Berlin to Tokyo

Adding a new chapter to the annals of international aviation, two German-built passenger airliners landed at the Haneda airport in Tokyo April 24, 143 hours after their departure from the Tempelhof airdrome in Berlin. Ten-thousand people greeted the eight Japanese fliers, when they opened the doors of their huge quadri-motored Heinkel 116-type monoplanes. The two machines came to a smooth landing at the airfield within four minutes of each other.

JAPAN'S NEW SHIPS SIMILAR TO AMERICA'S "FLYING FORTRESSES"



One of the German-built planes, flown to Tokyo last week. Two were purchased for the Manchuria Air Transport Company.

The difficult last lap from Taihoku, Formosa, was covered by the Japanese-piloted planes in 7 hrs. 40 min. and 7 hrs. 6 min. While no official figures on the records set by the two machines were available, newspapermen computed that the two craft had covered 15,300 klms. in about 53 hours of flying time. This time compared favorably with the mark of 51 hrs. 19.23 mni. set by the record breaking "Kamikaze,"—or the Divine Wind,—in 1936 on its dash from here to the Coronation festivities in London. The crews of the two machines also included two co-pilots and four mechanics. Both Kato and Yokoyama, the pilots, recently took part in a race around Lybia in a Heinkel plane. The two speedy craft, which averaged close to 290 klms. per hour in their flight here, were purchased by the Manchuria Air Transport Company for their Tokyo-Hsinking air route.

THE SITUATION IN CENTRAL HOPEI

(*Continued from page 275*)

textbooks have all be revised. I asked why, since they were already anti-Japanese. The leader replied, "The Japanese will not know what anti-Japanism is until they see our new books." The Reds have 17 daily newspapers. The newspapers use simple Chinese, and cover news of the Central Hopei area, was news from Shansi and central China, messages from Chiang Kai-shek, Mao Tse-tung, and other Chinese leaders, economic news from Japan, and so on. There is always one page for literature—stories and dramas of an anti-Japanese nature.

How can we fight against artillery? In the first place, "If we don't fight, what happens? The Japanese kill us anyway. If we fight, let's see what happens." Secondly, the Red policy of evaluating evey military objective in terms of human life, just as Lawrence did, is building up a much more reckless spirit than the Chinese ever had. Time after time the Reds have annihilated garrisons of 20 or 30 and suffered only 2 or 3 losses. The total record of all the Red armies during the present war has been one casualty to more than 10 Japanese milled. Thirdly, great emphasis is placed upon the fact that Japan is a small country, 1/7 the size of China. If the whole Japanese nation comes over here, the Chinese would still be able to mob them. Fourthly, Red trickery has obviated the use of artillery because they always creep up on the Japanese, or wait for them in narrow passes so that artillery is useless. Countless stories of Red experiences are passing by word of mouth among the people, and building up the idea that the Japanese are helpless against the mobile Chinese.

Is this Communism?

I should say, superficially yes. Actually, no.

Outwardly there are many signs of Russianized Leninism. Everyone is called *contrade*. Every headquarters has a "Salvation Room" with the picture sof Lenin, Stalin, and sometimes Marx, beside Mao Tze-tung, Chiang Kai-shek and Sun Yat-sen. The new Red officials all study Leninism, but only as applied to Japanese imperialism, not applied to the class struggle within China, At most public meetings I saw the Kuomintang and Communist flags displayed together. Officers and troops all wear the Kuomintang blue star on their caps, not the Red star. The political propagandists, on the other hand, all wear a red star in a blue field. From taking with the leaders, I got the impression that their greatest fear was that elements in the Kuomintang might cease to cooperate in the war against Japan. The Reds are therefore doing everything possible to avoid the accusation that they are seeking power.

According to the writings of Edgar Snow, the Red leaders are fully convinced that their aim of socialism cannot be reached without a period of cooperation with the capitalists, so the Reds at present have every reason to encourage a complete unity of the Kuomintang and their own party. The compromises which have been made with private property of the landlord (debt moritorium, etc.) are no greater interference with private rights, than the Kuomintang policy of confiscating bank accounts, and limiting the withdrawal of money from the banks. My conclusion is that the Reds are fulfilling their share of the bargain 100%.

What are the potentialities of the movement? The future of the self defense armies lies not in the power of central Hopei, but in the fact that this same movement can spring up within three or four months after the Japanese conquer any territory. The longer the Japanese front lines push forward, and the more territory which the Chinese armies lose, the more powerful will be the peoples self defense corps. Given another year of comparative peace behind the Japanese lines, the Red leaders could build up a mobile army as great or greater than the total Japanese front line troops. Beside this force, they would have a district defense force (not fighting beyond the home district) which will amount to perhaps 20% of the total population of all territory behind the Japanese lines.

The success of the Japanese in suppressing "bandits" in Manchuria was entirely due to the fact that they concentrated 400,000 Japanese troops in small areas, and outnumbered the Reds generally 4 to 1. Here the prospect of the Japanese ever being able to concentrate large bodies of troops is very slim. Further more the Reds in Manchuria were organized *after* the conquest, and in direct line of fire from the Japanese. In North China the organization will be completed *before* the Japanese are ready to turn upon the guerillas. In fact, the organization has already become so integrated that a Japanese retaliation on either side of the Pinghan Railway immediately draws a Red attack from the opposite side of the railway. In other words, if at the end of six months the Japanese choose to clean up the guerillas one province at a time, they will be harassed from all the other provinces at once. The greater the Japanese ambition, the deeper the slough into which they are advancing.

Polish Youth Association Organized

The Polish-speaking community of Shanghai and China generally will be interested to know that a Polish Youth Association has been organized in Shanghai and in connection with it is being published the Polish-language magazine "Echo Z.M.P." This magazine proposes to concern itself as equally with Polish political, commercial and social affairs as it does with Shanghai community life. It is printed by the Polish Youth Association and edited by members of the Association.

British-Japanese Customs Agreement Announced

AN agreement between Great Britain and Japan regarding the servicing the foreign obligations secured on the Chinese Maritime Customs, operative for the period of hostilities, was published in London and Tokyo May 4. The agreement provides that all revenues collected within the areas of Japanese occupation will be deposited in the Yokohama Specie Bank. Foreign loan quotas will be remitted to the Inspector-General of Customs to meet full servicing relevent to foreign loans, and will be treated as the first charge on revenues after the deduction of administration expenses.

Arrangements have also been made in the Agreement to pay the Japanese Government the Japanese portion of the Boxer Indemnity held in the Hongkong and Shanghai Bank since September. It is understood that the United States and France do not propose to raise any objection to the temporary application of these arrangements.

Text of Communique

The text of the communique as reported by *Reuter :*

"Unofficial conversations have been taking place since February, last, between the British Ambassador and the Vice-Minister of Foreign Affairs regarding the servicing of foreign obligations secured on the Chinese Maritime Customs, and other relevant matters. As a result of this exchange of views, the Japanese Government has notified the British Government, in the United Kingdom, of the temporary measures it proposes to take, during the period of hostilities, to regulate these matters. In reply, the Japanese Government has received assurances that the British Government will, for its part, offer no objection to the application of these measures for the period metnioned. It is further understood that the Governments of the United States and France do not propose to raise any objection to the temporary application of these arrangements, which will be subject to reconsideration in the event of a radical change occurring in economic conditions.

"All revenues collected by the Customs at each port within areas under Japanese occupation are to be deposited with the Yokohama Specie Bank. From the revenues thus deposited, foreign loan quotas will be remitted to the Inspector-General of Customs to meet in full the servicing of foreign loans and indemnities secured on the Customs revenue.

First Charge on Revenue

"The servicing of such foreign loans and indemnities will be treated as the first charge on the revenue, after deducting these maintenance expenses of the Customs Administration and certaint Customs payments and grants. Foreign loan quotas for each port will be determined monthly in proportion to the share of that por in the total gross collections for all ports during the preceding month. Arrangements will be made for payment to the Japanese Government of the arrears of the Japanese portion of the Boxer Indemnity held at the Hongkong and Shanghai Bank since last September.

"Arrangements will also be made: For meeting future payments in respect of the Japanese portion of the Boxer Indemnity and the Japanese share of the Reorganization Loan of 1913; For re-payment of the overdraft incurred by the Inspector-General of Customs since January in relation to the Shanghai share of the foreign loan service, which has been accumulating in the Hongkong and Shanghai Bank, at Shanghai.

"For the transfer to the Yokohama Specie Bank of the balance of the Customs accounts with the Hongkong and Shanghai Bank in each port under Japanese occupation, and its utilization for the future servicing of foreign obligations. The arrangements referred to in this communique are the result of negotiations conducted by the British Ambassador in Tokyo, Sir Robert Craigie with the Japanese Government since last February. The arrangements, having regard to the military situation in the Far East, appear to the British Government to offer the best guarantee objtainable for safeguarding the interests of the holders of China's foreign obligations secured on the Customs revenues and, by this, assist in maintaining China's credit."

Puppets Appoint Superintendent

Moving a step closer towards assumption of control over the Chinese Maritime Customs, the "Reformed Government" in Nanking Monday gazetted the appointment of Li Chien-nan as Superintendent of Customs. Li was reported to have once served with the Customs in Tientsin. The announcement of the appointment came 48 hours after a discussion of the Customs issue between Dr. Wang Keh-min and Liang Hung-chih, chairmen of the Executive Yuans of the Provisional and Reformed Governments respectively. Following the interview, it was revealed that Customs revenues would be divided equally between the two administrations. It is not known if the appointment was discussed at recent meetings in Tokyo between Sir Robert L. Craigie, British Ambassador, and Kensuke Horinouchi, Vice-Ministre for Foreign Affairs.

Collegians Reach Yunnan After 1,130-Mile Hike

A group of more than 300 students of the South-western Union University (*Hsi-Nan Lien-Ho Ta-Hsueh*) arrived in Kunming, Yunnan, April 28, from Changsha, provincial capital of Hunan, after a long trek of 3,4000 *li* (about 1,130 miles) during the past two months. A reception was given in their honor by Mei Yi-chi, member of the governing committee of the University, and Kung Tzu-chih, provincial commissioner of education for Yunnan. The South-western Union University was recently established here by the Ministry of Education in order to accommodate the students of the various colleges and universities in the war zones.

British Boxer Fund Carries On

The British Boxer Indemnity Refund Committee has now two offices, one in Hankow and another in Chungking, according to special reports received here. Despite the war, the committee is carrying on its multifarious reconstruction projects including road building and conservancy work. According to the report of the Committee, a total of $22,950,500 was spent in the second half year of 1937 as subsidies to educational activities in this country.

Oikawa Replaces Hasegawa Here

Vice-Admiral Koshiro Oikawa, until now Chief of the Naval Air Administration in Tokyo, has replaced Vice-Admiral Kiyoshi Hasegawa as Commander-in-Chief of the Japanese China Seas Fleet Oikawa arrived here April 30 aboard a warship. He was accompanied by Rear-Admiral Jinichi Kusaka, his Chief of Staff. The officers were greeted at the wharf by Vice-Admiral Kasegawa and Rear-Admiral Rokuzo Sugiyama, the outgoing Chief of Staff of the China Seas Fleet.

Boarding the flagship Idzumo, Oikawa formally took over the command of the Fleet from Vice-Admiral Hasegawa.

Blockade to Continue

The blockade of China territorial waters enforced by Hasegawa will be continued by Oikawa. With his assumption of command, Vice-Admiral Oikawa sent circular notes to the commanders-in-Chief of foreign fleets notifying them of the continuation of the blockade. The proclamation issued by Vice-Admiral Oikawa reads :

"I hereby announce that prohibition of navigation of Chinese shipping, both Government-owned and private, in Chinese territorial waters, hitherto enforced by Vice-Admiral Kiyoshi Hasegawa, former Commander-in-Chief of the Japanese China Sea Fleet, will be enforced by the Naval Forces under my command as from the a.m. of April 30, 1938."

Filipino "Sakdalista" Attacks U.S. Police from Refuge in Japan

Benigno Ramos, leader of the Filipino "Sakdalista" or red party, who was exiled from the Commonwealth several years ago and is now residing in Japan, issued a statement through *Domei* on May 1 criticising American policy in the Philippines. Ramos attacked the recent granting of a medal to a Filipino officer, Lieut. Cornelio Bondad, as a reward for bravery in suppressing a revolt in Laguna province, on May 2 and 3, 1935. The revolt was an agrarian uprising. Ramos charged that the granting of the medal encouraged "Filipinos to fight Filipinos." He declared that the entire Philippine situation was "ridiculous" in that American advisers to the Commonwealth Government "have more power than the laws."

Scholarship Fund as a Memorial for Late Dr. Herman Liu

A number of leading Chinese organizations in Shanghai have joined in a project to create a scholarship fund to serve as a memorial for the late Dr. Herman C. E. Liu. Dr. Liu was murdered by gangsters connected with the local Japanese-supported "Ta Tao" government which has its headquarters in Pootung. Since Dr. Liu was active in educational and philanthropic work it was felt that a scholarship fund would be a most fitting memorial, particularly if it was devoted to the assistance of poor students. Plans occasion the plans for creating the scholarship fund will be announced.

Shanghai Art Exhibition

Announcement was made this week by Monsieur Lehons, well-known in Shanghai as the designer of the Russian Cathedral, of an exhibition of his paintings of old temples and palaces in Peiping and other China cities. The exhibition is to be held at the French Club, May 7 to May 17 inclusive.

Army Officers Meet in Tokyo

Chiefs of Staffs of Japanese Army corps opened a six-day conference at the War Office in Tokyo May 2. The Army leaders were received in audience by Emperor Hirohito.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

April 7.—Chinese forces score important victory at Taierchwang on Tientsin-Pukow Railway front, claimed over 7,000 Japanese troops killed. Remaining Japanese troops in vicinity of Taierchwang reported in full retreat toward Yihsien, north of Taierchwang, leaving large quantities of war supplies behind.

Hankow wild with joy upon receipt of official report of victory by Gen. Li Tsung-jen, Commander-in-Chief of Chinese Forces on the Tsin-Pu front. Four of Japanese planes raiding Chinese airdrome at Ichang, above Hankow, shot down.

April 7.—Dr. Herman C. E. Liu, noted Chinese educator and President of University of Shanghai, assassinated on Bubbling Well Road, Shanghai. One of the gunmen arrested.

April 7.—Gen. S. Hata, Commander-in-Chief of Japanese Forces in Shanghai area, rejected protest filed by Maj.-Gen. A. P. D. Telfer-Smollett, Commander of British Forces in Shanghai, in connection with two incidents involving British officers and Japanese military men on March 28. Gen. Hata charged Maj-Gen. Telfer-Smollett with being discourteous to Japanese Commander-in-Chief and acting on unverified assumption that the men involved in the incidents were Japanese military.

April 7.—Hankow authorities announce grant of $250,000 for refugee relief in Shanghai and Nanking. Grant follows recent visit to Hankow of Father Jacquinot, French Catholic relief worker in Shanghai.

April 7.—Building of Shanghai Chinese Chamber of Commerce seized by agents of Japanese puppet "Ta Tao Government" with headquarters in Pootung.

April 7.—Japanese soldiers reported to have broken into houses on Yuen Fong Road, Shanghai, and removing furniture from property belonging to British firm, Burkill & Son.

April 7.—Kwangsi has sent 700,000 troops to various war fronts since beginning of hostilities in Shanghai August 13, 1937. 800,000 more men now being trained.

April 7.—Body of Harold Porter, British business man and vice-Chairman of Shanghai Municipal Council, found in Whangpoo River. Cause of death unknown; suicide suspected.

⁂

April 8.—Main body of Japanese troops retreating from Taierchwang on Tientsin-Pukow Railway front bottled up at Yihsien by Chinese forces. Another retreating Japanese column cut off in Lingyi sector. Japanese set fire to buildings in Yihsien to cover retreat. Possibility of sending reinforcements remote due to extensive destruction of Tsin-Pu Railway tracks.

Hankow continues celebrations of Tsin-Pu victory. Gen. Chiang Kai-shek issues warning, asking nation to remain calm; urged no celebration until final victory won.

April 8.—Chinese planes active in raids over Hangchow; Japanese camps bombed; more than 40 soldiers killed. Amoy raided by Japanese planes; damage said slight.

April 8.—New airline connecting Hankow with Kweilin, Kwangsi capital, soon to be opened.

April 8.—U.S.S. **Augusta,** flagship of the United States Asiatic Fleet, returned to Shanghai after 3-month stay in Manila.

April 8.—Shanghai Chinese Chamber of Commerce decides to continue functioning in new premises in International Settlement despite occupation of its former premises by agents of Japanese puppet "Ta Tao Government" of Pootung.

April 8.—Shanghai-Nanking, Shanghai-Hangchow and Soochow-Kashing Railways scheduled to be re-opened to traffic April 10, according to Japanese report.

⁂

April 9.—Tsinan, Shantung capital, attacked and entered by Chinese mobile column, operating behind Japanese lines in Shantung, according to Hankow report. Street-fighting said in progress following Chinese entry. The Shantung Christian College, the Union Hospital and the Hua Mei Hospital in vicinity of Tsinan city reported occupied by Chinese.

Chinese troops engaged in recapture of Tsinan belong to Gens. Sun Tung-hsuan and Tsao Fu-lin, formerly subordinates of the late Gen. Han Fu-chu.

Capture of Taierchwang by Chinese confirmed by foreign and Chinese press correspondents who visited the city April 7, thereby refuting the Japanese claim that Japanese were still holding the city on April 8.

Gen. Chen Cheng, Director of Political Affairs Department of the Generalissimo's Headquarters and concurrently Garrison Commander of Wuhan Cities, declared at Hankow that between 5,000 and 6,000 Japanese troops had been killed with some 1,000 wounded in the battle of Taierchwang. In addition, some 1,000 Japanese had surrendered. Sixty field pieces, 40 tanks and over 100 motor cars and trucks captured.

Gen. Chen praised 31st Division under Gen. Sun Lien-chung, which had defended Taierchwang for five days despite heavy losses of its strength.

Japanese troops from Yihsien have joined force with those retreating from Taierchwang and are now scattering themselves in hilly regions in vicinity of Yihsien, where they are surrounded by Chinese, according to official dispatch received at Hankow.

April 9.—Funeral service held for Dr. Herman C. E. Liu, President of University of Shanghai, murdered by terrorists on Bubbling Well Road April 7.

April 9.—Sir Archibald Clark Kerr, new British Ambassador to China, arrived at Chungking from Wuchang by air. Scheduled to present his credentials to National Government April 12.

April 9.—Gen. Ma Liang, ex-Mohammedan army officer, installed by Japanese as "Chairman of Shantung Provincial Government."

Three Japanese advisors on administrative, legislative and military affairs respectively, appointed by the puppet Peiping "Provisional Government."

April 9.—New Standing Committee of Kuomintang's Central Executive Committee elected as follows:

Ting Wei-fen, Tai Chi-tao, Yen Hsi-shan, Tsou Lu, Li Wen-fan, Chu Cheng, H. H. Kung, Feng Yu-hsiang, Chen Kuo-fu, Pai Chung-hsi, Yu Yu-jen, Sun Fo, Yeh Chu-tsang, Ho Ying-chin and Chen Kung-po.

Directors of various Departments under the C.E.C.:
Organization Department: Chow Li-sheng.
Publicity Department: Ku Meng-yu. Chow Fu-hai and Hollington K. Tong, deputy directors.
Social Affairs Department: Chen Li-fu.
Overseas Affairs Department: Chen Shu-jen.
Secretary-General: Chu Chia-hua.

⁂

April 10.—More than 100 persons killed and many more injured when Japanese bomb fell in center of Canton city where there was huge crowd of people celebrating Chinese victories on Tientsin-Pukow Railway front. In addition to these casualties, six houses were destroyed. Canton's outskirts and Amoy forts also air-raided.

Changsha, Hunan capital, raided by 30 Japanese planes. Many buildings damaged.

April 10.—Chinese forces in southern Shantung claim further advances; capture of Yihsien and Tsaochwang on Lincheng-Taierchwang Branch Railway expected. Heavy fighting raging in vicinity of both cities. Chinese advancing cautiously as Japanese plan counter-offensive. Chungking, new capital of China, stages big parade celebrating Chinese successes on Tientsin-Pukow Railway front.

April 10.—M. Tani, Japanese Minister-at-Large in China, arrived at Peiping from Shanghai; says "Japan's international relations in Shanghai smooth;" predicts Shanghai Municipal Council will accept recent Japanese demands.

⁂

April 11.—Japanese rushing fresh troops into southern Shantung from Tientsin and Tsingtao for renewed drive on Tientsin-Pukow Railway front. The detachment from Tsingtao was sent too late to relieve the Isogai and Itagaki Divisions entrapped in Taierchwang area.

Some 700 Japanese war prisoners taken in Taierchwang due to arrive at Hankow shortly.

Chinese forces advancing toward Yihsien, 25 kilometers north of Taierchwang, occupied two more towns southeast of Yihsien. Small Japanese detachment surrounded at Chuchen, southeast Shantung, and wiped out by Chinese, according to Chinese report.

Hankow circles state that Chinese raids on Tsinan, Shantung Capital, are in the nature of harassing guerilla tactics and no serious attempt being made at present to capture Tsinan.

Chinese troops claim closing in on Wuhu, southern Anhwei port, on the Yangtse.

April 11.—Hankow indignant at Japanese air-bombing (April 10) of Hunan and Tsinghua universities at Changsha, Hunan capital, characterized as forming part of "Japanese deliberate attempt to destroy Chinese educational institutions." Besides destruction of many buildings of the two institutions, there were about 100 casualties.

April 11.—Considerable fighting between Chinese mobile units and Japanese troops along upper reaches of Whangpoo River near Minghong, according to Chinese refugees arriving at Shanghai. Chinese soldiers operating in that area estimated between 7,000 and 20,000.

April 11.—New highway between Shensi and Hupeh designed to facilitate troop transportation expected to be completed within a month.

April 11.—Chikayuki Akagi, official in Japanese Overseas Ministry, who is expected to be appointed Special Deputy Commissioner of Shanghai Municipal Police, declared to **Asahi Shimbun** (Tokyo) that he is convinced that the Japanese language must become official language in Shanghai Municipal police service.

⁂

April 12.—Japanese troops at Yihsien, 25 kilometers north of Taierchwang in southern Shantung, reported starting retreat in northwesterly direction. Chinese troops operating southeast of Yihsien have captured two strategic points on the highway leading to Yihsien.

On eastern front Japanese forces are holding out against Chinese attacks in vicinity of Ihsing and Liyang, southern Kiangsu.

Chinese troops in western Suiyuan occupied Chaochunwen, 35 kilometers southwest of Paotow, western terminus of Peiping-Suiyuan Railway.

April 12.—Shanghai environs practically surrounded by Chinese guerillas, according to **China Press** report. Soldiers on British outposts and Hungjao Road residents hear firing nightly; refugee arrivals from surrounding areas report widespread fighting.

April 12.—Japanese stage night air-raid over Hankow; repelled by Chinese pursuit planes after dogfight.

April 12.—Sir Archibald Kerr, new British Ambassador, presents credentials to Chairman Lin Sen of National Government at Chungking.

April 12.—Export of British war materials to China from July 1, 1937, to Feb. 28, valued at £183,000; that to Japan for the same period, £61,000.

April 12.—Sir Percy Noble, new Commander-in-Chief of British China Station, called on Gen. S. Hata, Commander-in-Chief of Japanese Forces in Shanghai.

Vice-Admiral K. Hasegawa, Commander-in-Chief of Japanese China seas Fleet, departs for undisclosed destination aboard the flagship, Idzumo.

April 12.—Japanese reports of death of Gen. Chiang Kai-shek and T. V. Soong in Japanese air raid on Changsha April 10 denied in Hankow. Neither Gen. Chiang nor Mr. Soong had visited Changsha for some time past.

⁂

April 13.—Severe fighting proceeding in vicinity of Yihsien, southern Shantung, where Japanese troops reported encircled by Chinese.

Battle for possession of Tsaochwang, north of Yihsien, also raging furiously, but no change of positions on either Japanese or Chinese side reported. Following transfer of Japanese troops from North China to Tientsin-Pukow Railway front, Chinese forces have crossed Yellow River, in northwest Honan, and are attacking Japanese garrisons at Chiyuan, Pinglu and Menghsien.

Two of Japanese planes raiding Canton reported shot down. Large Japanese air squadron attempted twice to raid Hankow, but failed to reach city because of bad weather conditions.

Chinese guerillas active in southeastern and northeastern outskirts of Tientsin.

April 13.—Fifty locomotives purchased by Chinese Government from Germany and England arrive at Hongkong, shortly to be sent inland for use.

April 13.—Kyung Ming-kwei, 16-year girl mill-hand, raped successively by two Japanese soldiers (April 12) in Hongkew district, Shanghai, according to police information.

April 13.—Foreign nationals warned to withdraw from war zone by Japanese Embassy in Peiping.

April 13.—Chinese would not accept mediation until Japanese soldiers had withdrawn from Chinese soil, declared Sun Fo. President of Chinese Legislative Yuan, at London. China reported seeking financial aid from Great Britain and other Powers.

April 13.—The United States has purchased $52,325,000 worth of Chinese silver since outbreak of Sino-Japanese war, according to official report in Washington.

April 13.—Yoh Sing and Chen Kuo-ting, terrorists who threw hand grenade at **Shanghai Evening Post & Mercury** Office Feb. 11, each sentenced to four years in prison by Shanghai Second Special District Court.

April 13.—National Government to honor Dr. Herman C. E. Liu, murdered President of Shanghai University. Executive Yuan at meeting yesterday decided to accord Dr. Liu public burial and grant compensation to his family. Erection of memorial tablet on camps of Shanghai University also ordered.

April 13.—Japanese Government denies foreign reports that Japan has requested Great Britain to mediate in present Sino-Japanese conflict.

Japanese Soldiers Reported Killed by Chinese Civilians

Authentic reports from the city of Nantung, on the Yangtsze River eighty miles from Shanghai, which was occupied by Japanese troops practically without resistance on March 17, state that most of the former population have deserted the city, and those who remain are mostly men, there being few women. Business is at a stand still, though many shops remain open under threat of being burned by the Japanese if they close.

On one occasion, it is reported, two Japanese soldiers who were robbing the people, demanding money and chickens, and also seeking girls for immoral purposes, were killed by the local populace, and in another part of the city the same thing happened to six Japanese soldiers for the same cause. In reprisal for this, the Japanese burned more than 1,000 houses. Beggars are filling the city because so many people have been deprived of their homes and their possessions. Because one of the persons who took part in killing the Japanese soldiers referred to above was named Wang, it became very dangerous for all persons of the same name, many persons being killed instantly and without formality simply because their name was Wang. In locally printed newspapers and on many public posters the Japanese are proclaming to the Chinese that owing to their former reliance on and close association with the people of western nations, America and Europe, the Chinese have lost heavily in territory and in other ways, but if they will put trust in the "Hwang Tao," the principles of the Japanese Empire, they will realize peace and prosperity.

Conditions in the surrounding countryside are very unsettled. Pilfering, looting and other violence by soldiers, and by ordinary robbers, make it impossible for peaceful citizens to find any security. It is stated that frequently on entering a locality Japanese troops, after looting everything they consider to be of value to them, encourage and even force the poorer Chinese rabble to help themselves to what is left. They take photographs of these Chinese in the act, in order to use the photographs later as evidence that any alleged looting was done by Chinese.

Nurse Cares for Refugees

Foreign observers in Nantung report that Miss Vincoe Mushrush, missionary nurse of the United Christian Missionary Society, who was the only foreigner in that city when it was occupied by Japanese March 17, has under her care some 200 women refugees and a number of ill and wounded patients. The refugees are living in the building of the Ts'ung Ing Girls' School which belongs to the mission. Japanese officers have treated Miss Mushrush with consideration. They have provided guards to protect the refugees and patients from molestation, and have posted notices at the entrance of mission premises which are closed, to warn all persons against unauthorized entry. It is reported that the Japanese authorities have requested a Chinese doctor in the city who is a graduate of the Medical College of Cheloo University, to head up a public health program for the community.

Missionaries Safe

German and American missionaries in Linyi, the strategical Shantung town occupied by the Japanese forces on April 19, are safe, a spokesman for the Japanese Embassy has announced. While the property of the American Presbyterian Mission was undamaged in the severe fighting, the German church in the town suffered damage, whose extent is now being investigated by the Japanese authorities, he added.

Radio Links Osaka With Shanghai

Commercial wireless communication between Osaka and Shanghai was inaugurated May 1. Messages from Nanking and Soochow will be handled, the charges being Yen 0.26 per word between Osaka and Shanghai and Yen 0.50 between Osaka and Nanking or Soochow. The new channel of communication is being established to handle the rapidly growing volume of messages between Central China and Japan. At present between 2,200 and 2,300 messages are exchanged daily over the existing channels of communication.

The

CENTRAL BANK OF CHINA

A BANKERS' BANK

SHANGHAI OFFICE:

15 The Bund, Shanghai

Telephone 12570 Cables: "Governbank"

BRANCHES:

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Sinpu
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Hsiakwan
HANGCHOW
Ningpo
Chuhsien
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Chuenchow
Yenping
Kien-ow
Pucheng
Santu
CANTON
Swatow
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Peiping
Shihkaichuan
Tsingtao
Tsinan
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Chi-en
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Kiukiang
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JAPAN CONTINUES CREATION OF GIGANTIC PLANS FOR DEVELOPMENT OF CHINA

(*Continued from page 173*)

the Tatung Coal Mine apparently dominates in the coal production increase plan in China, with an annual production of about 12,500,000 metric tons within five years being expected from that mine. The development of this coal mine alone will cost Yen 125,000,000.

In connection with the development of coal mines in North China, the officials on the spot are apparently favoring the policy of letting a single company exclusively tasked with the coal development activities while the Central Government in Tokyo is inclined toward the policy of having several different companies engaged in the activities of developing coal resources in North China. In view of the close relations which coal produced in Chunghsing, Sintai, Poshan and Liuhokou will have with the production expansion project of the Japanese iron and steel industry as material for manufacturing coke needed by the iron industry, the officials in charge are apparently intending to make the Japan Iron Manufacturing Company participate in the present scheme with a certain high ratio of the capital investment in addition to the "coal" capitals to be represented by the Japan Coal Miners' Association and others.

Communication and Traffic Companies

In regard to the future management of the enterprises in North China concerning communication and traffice, which are now being managed by those entrusted with the task by the Japanese army on account of the progress of military operations, new companies under joint Sino-Japanese management are expected to be established as subsidiaries of the North China Development Company now in the making. The matter is now being studied.

Japanese petroleum firms have decided to form a joint company to control the marketing of oil in North China . Capitalized at Yen 20,000,000, the projected concern will be owned jointly by the Japan Oil Federation, the Manchuria Petroleum Company and the Korea Petroleum Company. Oil dealers here said the monthly consumption of oil in the Peking and Tientsin areas is about 200,000 cases, most of which are imported from abroad.

New Mining Firm at Wuhu

The first Sino-Japanese industrial enterprise to be organized in the territory controlled by the "Reformed Government" will begin its operations by the middle May. The concern is the Central China Iron Mining Company, organized in Shanghai by Japanese and Chinese investors. Work will be carried on in the rich mines near Sanshanchen, south of Wuhu, were the ore deposits are estimated at 100,000,000 tons.

Bus, Train Firm

One of the largest concerns on the Asian Continent will soon be formed by Japanese interests to operate railways, bus service and harbors in North China, officials of the powerful South Manchuria Railway Company have revealed. "Mantetsu" experts are now putting finishing touches on the plan, which will be sumitted to the Japanese Government for approval early in May. Controlled by the projected Yen 400,000,000 semi-official North China Development Company, the new concern will itself be capitalized at Yen 450,000,000, it was disclosed. Of the Yen 250,000,000 to be paid up at the inauguration of the company, Yen 100,000,000 will be raised jointly by the North China Development Company and the S.M.R., while the remainder will be secured through the issue of bdeentures.

To Control Chinese Silk Industry

Representatives of Japanese silk filatures, who arrived in Shanghai recently from Japan, are investigating the silk producing conditions including the plantation of mulberry trees in Kiangsu and Chekiang provinces. It is reported that findings of these representatives will be used for the drafting of a plan to control Chinese silk industry. Improved silkworm eggs will be distributed to the farmers and silk filatures will be established in the near future by the Japanese interests. Chinese silk filatures in Hongkew and Chapei, damaged during the hostilities, will be repaired and reopened by these Japanese interests and cocoons stored in Hongkew and Chapei have been completely confiscated. These cocoons will be distributed to the filatures, when they are ready for operation.

Japanese To Organize Department Store

To dump their goods in the local market, Japanese merchants are planning to organize a big department store on Nanking Road, according to well-informed business circles. It is reported that large quantities of Japanese goods have been imported and are now stored in Hongkew.

Six Japanese cotton mills in the western district and three in the eastern district of Shanghai have resumed operations, according to industrial circles. Because of the difficulty to enlist Chinese workers to work in these mills, only small numbers of spindles are now being operated in these mills. Japanese cotton mills in Pootung, which were completely destroyed during the hostilities, are not expedcte to resume operations. It may be pointed out that there are altogether 30 Japanese cotton mills in Shanghai.

Hangchow Silk Weaving Mills

Arrangements have been completed between the puppet regime in Hangchow and the Japanese Cotton Mill Owners' Association to reopen the silk weaving mills in Hangchow. According to the plan, artificial silk will be shipped to Hangchow from Japan as raw materials, and silk produced by these mills will be sold to Japanese merchants. It is expected that the re-opening of these mills will give work to 150,000 people in the city.

New Sino-Japanese Company

Prominent traders in Peiping have decided to form a Sino-Japanese company to act as a "middleman" in the barter of North China's staples for Nipgon-made manufactured goods and chemicals. The concern, to be known as the Sino-Japanese Kufen Kungssu, will be capitalized at Yen 200,000. It is expected to be formally inaugurated at the end of May. Products to be exported to Japan through the medium of the firm will include wool, and raw cotton. Imports will include metal ware, woolens, cotton piecegoods and chemicals.

A $500,000 Japanese real estate company was established May 1 at Peiping. The company will transact the purchase and sale of houses, shops and land and will also leave the same, the paper said. Other functions of the company will include the making of loans secured by real estate. It also will act as estate agents, draw up architectural plans and estimates and act as building contractors, the paper added.

U.S. Leads All Other Nations in Trade With China

The United States led all other countries in trade with China during 1937, according to the annual report of the Chinese Maritime Customs covering Chinese foreign trade in respect to individual nations. Total imports into China from foreign countries during the year had a valuation of $956,233,801, which was only a slight increase over the previous year when the figure was $944,523,218. Gross exports from China to foreign countries amounted to $838,769,918, a substantial gain over 1936 when exports reached an aggregate of $706,790,915. Although China's trade balance as a whole was unfavorable, this country did have a substantial edge in her trade with the United States. China's exports to America during the year amounted to $231,448,711 as compared with $186,320,864 in 1936. This country's imports from the same nation amounted to $188,859,040 as against $185,511,519 the year previous.

China also had the edge in the trade with the Philippine Islands, exports to Manila and other island ports being valued at $6,945,447 as compared with $6,103,416. China's imports from the Philippines during the year under review were valued at $3,882,655 as against $4.019,120 in 1936. In trade with America's Pacific territories and possessions, China's balance was extremely favorable, Imports from these places amounted to only $12,182 while exports from China to Hawaii and other island territories and possessions amounted to $439,863.

Britain Fourth On List

Imports to China from Great Britain during the year gave that nation only fourth place on the list. being below both Japan and Germany who finished the year in second and third positions respectively. The value of imports from Britain, exclusive of other countries of the United Kingdom, was $111,694,975 as compared with $110,497,460 in 1936. China's exports to Great Britain during the year amounted to $80,379,559 as compared with $64,883,766 in 1936, leaving a substantial trade balance in Great Britain's favor. Japan's imports to China during 1937 were valued at $150,431,596, a slight decrease over 1936 when Japanese duty-paid goods valued at $154,576,938 entered the country, China's exports to Japan showed a heavier decline, the figure for 1937 being $84,305,674 as against $102,367,061 in 1936.

China's imports from Germany were valued at $146,373,641 as against $150,238,093 in 1936. China's exports to the same country amounted to $72,476,740, a substantial increase over 1937 when the figure was $39,173,952.

Increase In Hongkong

Chinese exports from Hongkong to foreign countries during the year registered a substantial increase, the figure being $162,903,595 as compared with $106,546,843 in 1936. Goods shipped to China from Hongkong showed only a small increase the figure for 1937 being $19,077,601 as against $17,794,509 in 1936. Canadian trade with China during the year was maintained at a fairly even level with 1936. Imports to China from that country amounted to $17,093,072 as compared with $19,783,898 the year previous. China's exports to Canada showed an increase of about $2,000,000, the figure being $7,091,186 as against $5,270,120 in 1936.

French foreign trade with China during the year, exclusive of colonies, also remained more or less firm compared with one year ago. French exports to China were valued at $15,106,117 during the year under review against $18,380,536 in 1936. Chinese exports to France were valued at $32,643,176 as against $30,388,620 in 1936.

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War Memoirs of a Chinese Girl

BY DAISY YOUNG

WAR came to us on August 15 when the first heavy bomb dropped on the outskirts of Nanchang from one of six Japanese planes as they droned over the city in their first raid on the Kiangsi Provincial Capital. It had been raining for a long time and was still drizzling when the Nanchang populace was taken unawares by the unexpected air raid. The walls and window panes of my house were shaken, while pictures on the wall and plaster on the ceiling fell to the floor as a result of the explosions of bombs. The sound of machine-gunning was very audible. I immediately got up from my bed and went downstairs together with my family. As soon as we got downstairs, we were also advised to hide under the cover of desks and bedsteads, because it was thought that in so doing we might not be injured should the ceiling and walls fall. Enemy planes were still droning overhead, destructive and fatal bombs were being dropped and machine-guns were being fired.

Strangely enough, the wet weather had since terminated. Never having experienced the horrors of air raid, the inhabitants of the city were virtually frightened. Without awaiting the 'all clear off' signal they hurriedly packed up their personal effects and departed for places of safety, remote from the city. Wealthy people employed motor trucks and cars to remove their belongings and evacuate their family members, while others had to use wheelbarrows, ricshas or native junks. All highways leading to the country were lined with vehicles of every description which reaped an undreamed-of good harvest.

That evening I went to the house of a foreign friend to listen to the *Shanghai Evening Post* radio reports on the war news at Shanghai and elsewhere in this country. I heard that, according to a Japanese announcement, a large number of planes were destroyed on the ground and both the Nanchang new and old aerodromes were smashed beyond repair by the raid of their planes in the morning, while the actual facts were that only a part of a building of the old aerodrome and a few houses near-by were demolished and a dozen of civilians were killed or wounded, not a single plane having been destroyed either in the air or on the ground despite the large number of bombs being dropped. On the basis of this announcement, and according to my personal investigation, I have since come to a conclusion that we should not believe the reports of Japanese on our losses at their face value.

Elated by Air Battle

All people, old and young, rich and poor, were elated at the aerial dog-fight put up by our air force at Nanking and the stiff resistance by our armed brethren on all fronts. Every morning the first thing everybody wanted was a copy of a morning paper. The face of a reader will reflect the successes or adverses sustained by our troops. The first question a friend or colleague asked you when you met each other in the office or elsewhere was: "Have you any good news to tell?" As my foreign friend told me every morning what he had heard from Hongkong or London the previous evening, no sooner had I arrived at the office, than my colleagues would flock to me with a view to obtaining some information which was not published in the local press.

Following publication of the Sino-Soviet Mutual Non-aggression Pact everybody thought that Soviet Russia was bound thereby to ~~render us~~ military assistance, otherwise this pact would not have been signed. After the fall of Nankow Pass it was thought that the Soviets would immediatly enter the conflict as the loss of Kalgan seemingly would cut off communications between this country and Soviet Russia. Nevertheless we were utterly disappointed that no action whatever was taken by the Soviets. The same hope was revived with the advance of Japanese troops into Shansi and the subsequent fall of Nanking, our National capital. One report had it that Soviet Russia would supply us with between 200 and 500 planes plus flying officers and explosives while each plane destroyed and each flying officer killed would be immediately replaced. Another report had it that Satlin had already sent his troops to "Manchukuo." No matter whether either report was authentic, the fact was that fater the fall of Nanking there arrived at Nanchang many Soviet planes and airmen, considerably encouraging the non-conbatants at the rear. Following the editorial advice ~~in the~~ *North China Daily News*, Shanghai, that our Government should make peace with Japan on account of repeated reverses we had sustained on every front, my foreign friend spoke to me, "Since I have lived in your country for more than thirty years I love your country no less than you do, but as you don't have sufficient planes and heavy guns you will lose more territory if you hopelessly continue to resist." While thanking him most heartily for his advice I told him frankly, "Is there any other alternative for us to choose? If we continue to resist we may wear our enemy out in the long run, though we cannot regain all the territory we have lost; but if we submit as our enemy eagerly desires we shall be forever the slaves, like Koreans and Formasans without any hope of regaining our freedom and independence."

Hope Fades for Help

Following the fall of Nanking, it was reported that Mr. Sun Fo, president of the Legislative Yuan, flew to Moscow with a view to persuading Stalin to despatch forces to attack "Manchukuo" so that our enemy might withdraw their forces northward. With the return of Chinese Ambassador Dr. Chiang Ting-fu to this country and publication of articles on the current situation in Russia by authoritative writers, it was realized that the internal and external conditions of that nation precluded the possibility of her direct participation in the Sino-Japanese hostilities and that only by our own efforts could we gain our freedom, recover our lost territories and win the ultimate victory.

With the recent repeated successes on all fronts especially on the northern sector of the Tsin-pu line, it is believed that the prediction of Mr. Liu Po-wen (劉伯溫) made in the beginning of the Ming Dynasty, that in our resistance of war with Japan the final victory will be ours has begun to come true.

According to actual experiences gained during Japanese aerial attacks, the safest refuge in an air bombardment is a dugout or a bombproof-shelter. In the bombing of the Liubong Railway Station in November last, a bomb exploded only a few feet from the Railway Station dugout but it remained intact and none of the two hundred inmates was hurt. Such instances are numerous in Nanchang and it is needless to relate them all here on account of limited space.

A human being usually loses his or her reason in times of extreme distress and danger. The smoking of cigarettes, the use of flash-lights and especially the screaming of babies and children in dugouts even in the broad daytime, are one and all considered by usually intelligent people as too dangerous and inviting to an enemy air bombardment believing that the light, smell and sound in the dugout can be detected by enemy planes overhead.

Japan Invokes Its National Mobilization Act

Japan's entire human and material resources were placed under an iron-bound State control on May 5, when the Government invoked the momentous National Mobilization Act. While only a part of the Act will be enforced, the provisions promulgated will give the Government full control over industry, manpower, industrial reserach, business profits and industrial subsidies. The invocation of the act, which was passed by the last session of the Diet in March, came 72 hours after the publication of a War Office pamphlet emphasizing the necessity of national mobilization.

The pamphlet pointed out that Japan's defence lines today extend into Manchukuo and North China, each of which is double the size of Japan proper. In deciding to invoke the far-reaching mobilization act, the Government reversed an earlier pledge not to enforce it during the present hostilities. When the measure was being debated in the Diet the Fighting Services and minor political parties staunchly supported it, while the major parties, the Minseito and Seiyukai, opposed its passage. Opposition of the major parties to the bill crumbled during its passage through the Diet when Minseito and Seiyukai members were assured by the Government that they would be named on the National Mobilization Council.

WHAT HAS JAPAN GAINED IN THE CURRENT WAR?

(*Continued from page 278*)

anyone with a sane mind can see how illogical such reasoning is. Japan's ruthless bombings of China's open cities, cold-blooded massaccres of civilians, wanton destruction of cultural institutions, outrages committed on women and other horrible atrocities done in the name of a "Holy War" only antagonize the Chinese people. Embittered by her cruelties and inhumanities in the last few months the Chinese troops are fighting more determindedly and bravely than at the outbreak of the war. China's anti-Japanism which Dr. Lin Yutang has identified as China's national consciousness, is today running higher than ever before because of Japan's invasion. So, contrary to her expectation, Japan's "chastisement" of China by armed force during the past ten months has resulted in the emergence in China of a powerful national leader in the person of Generalissimo Chiang Kai-shek, a strong Central Government, a unified nation and increased national consciousness.

After all that has been said, has Japan gained nothing at all from the current war? Yes, she has gained the deep hatred of the 400,000,000 Chinese, the indignation and denunciation of the civilized world, an economic boycott, and a string of titles—aggressor, disturber of world peace, destroyer of culture, violator of the Nine-Power Treaty, the Kellogg Peace Pact, and the League of Nations' Covenant, murderer of defenceless civilians, especially women and children, etc.

Who's Who in China

張 九 如
Chang Chiu-ju

Chang Chiu-ju, author and publicity officer; born at Changchow, Kiangsu, 1896; graduate, National Peking University; Instructor, Chi-Nan University, Shanghai; Counsellor, Headquarters of the Generalissimo of the Nationalist Revolutionary Forces; member, Examination Committee on Books, University Council, National Government, Nanking; Secretary, Ministry of War, Nanking; Instructor in Political Science, Central Military and Political Institute, Nanking; Instructor in Political Science, Central Military Academy, Nanking; Director, Transit Tax Bureau, Kansu Province, and concurrently, Chief, Salt Smuggling Prevention Service; Director, Bureau of Direction, Central Publicity Council; author of "Mass Psychology and Mass Leadership," "History of Struggles for Independence of Various Nations," and several other books; Address: c/o Central Publicity Council, Central Party Headquarters, Chungking.

23,313 Corpses Recovered from War District By S. M. C.

After several weeks of hard work, employees of the Health Department of the Shanghai Municipal Council have cleared a large area in the western district of corpses left there after the hostilities in the Shanghai district last autumn, according to the March report of the department. The area cleared, the report stated, is bounded by the railway to the west, the Soochow Creek to the north and Hungjao and Rubicon Roads to the south and west respectively. Most of this work had been completed by March 25, according to the report. In fact, the workers actually thought that the job had been completed at that time. A later investigation disclosed a number of bodies not previously buried in the proper manner and further work had to be carried out. This has now been completed, it is understood.

Since this type of work was started by the Health Department, a total of 23,313 corpses have been removed for burial from the Settlement and its immediate adjacent areas. This figure includes 1,516 corpses actually removed from ponds, houses and fields in the western district and 1,396 found in a house-to-house inspection of the eastern areas. In some instances, the recovery of corpses necessitated the removal of considerable quantities of debris. At the same time, the bodies, of 1.105 miscellaneous animals were disposed of.

Dollar to Continue Orient Service

The Federal Maritime Commission announced last week that it had heard of no move by the Dollar Steamship Line to dispose of its properties in the Far East and discontinue trans-Pacific service. Earlier rumors had stated that the Dollar Line planned to withdraw from the Far East, but the F.M.C. said such action was impossible. A spokesman for the Dollar Line in San Francisco laughed at the rumor remarking,: "The Dollar Line is going into the Far Eastern business bigger and better than ever." Informed circles in Washington said the F.M.C. for the past two months had been intensively studying possible rehabilitation of the Dollar Line, which admittedly is in financial difficulties. Official circles said that whatever action the F.M.C. might take, trans-Pacific service by the Dollar Line was certain to be maintained.

Manchukuo Plans Fast Rail Service

With full support of the authorities and transportation companies concerned the Manchukuo Railway Ministry will inaugurate a speedy railway service on June 1 directly linking Japan, Korea, Manchukuo and North China. A tentative plan worked out by the Manchukuo Government recently has been approved by the Japanese Railway Ministry, Korean Railway Bureau, Japanese and Manchukuo aviation and steamship companies. The present passenger and freight service between Manchukuo and Japan will be speeded up establishing direct connections between state and private company lines. The rpojected service will be extended to North China later.

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Men and Events

Michio Yuzawa, former vice-minister of home affairs in Tokyo, arrived in Peiping on April 30 where he will advise the Provisional Government.

A report in the *Ta Mei Wan Pao*, April 25, claimed that the Japanese had kidnapped more than 500 Chinese children between the ages of 5 and 15 years in the Hangchow district. It was alleged the children had been brought to Shanghai.

W. B. O. Middleton, a director of Burkill and Sons, died suddenly at the age of 59 years on Saturday, April 30. He is survived by his widow, two daughters, a brother in Australia, another in the United States, and a brother in Shanghai.

The Rev. George Sheppard, an American missionary who assisted in the educational rehabilitation if Kiangsi province, following the evacuation of the red troops, is returning to China on the Hawaiian Clipper from a trip to the United States.

The funeral service for Ludwig Andreas Schmidt, late director of Siemens China Company, was held at the German Church in Shanghai on Friday, April 29. Mr. Schmidt was 56 years of age. The service was conducted by the Rev. E. Krueger.

Norman Hobbs Gray, son of the late Mr. and Mrs. George Gray of New York, was married to Miss Dorothy Taylor, daughter of Mrs. Taylor and the late Albert Taylor of Christchurch, New Zealand, at the Holy Trinity Cathedral, Shanghai, on Saturday, May 30.

Sir Eric Bolt Wilson, remodeler of the defenses of the Singapore Base, arrived in Hongkong on April 27 for an extended inspection of the Colony's defenses. He was accompanied by Air-Commodore Norton and Wing-Commander Norton of the Royal Air Force.

Dr. Tsai Yuan-pei, president of the Academia Sinica, arrived in Hongkong on April 29 and announced that all research work formerly conducted by the organization had been transferred to Szechuen, Yunnan and Kweichow. He stated that the work was proceeding normally.

The Japanese have opened a Consulate-General at Peiping to look after the growing Japanese population in that city. Tateki Horiuchi, counsellor of the Japanese Embassy will serve concurrently as Consul-General. The Japanese are also opening new consulates at Tangku and Paotow.

E. H. (Bud) Ekins, staff correspondent for the *United Press* who was in China during the early days of the Sino-Japanese struggle, is co-author with Theon Wright, of a new book on China entitled "China Fights for Her Life." Mr. Wright is cable editor of the *United Press* New York office.

Major James Dempster, 42 years of age, an American connected with the Salvation Army, stationed at Tinghsien, southern Hopei, was killed by Chinese bandits, according to a Japanese military report at Peiping on April 29. It was claimed that a Russian was killed at the same time.

Two young English journalists, Christopher Isherwood, a novelist and W. H. Auden, a poet, who returned to Hankow from the Shantung front, are planning to travel to Shanghai overland by way of Nanchang and Ningpo, then through the Japanese lines to Hangchow and thence ot Shanghai.

The Brookfield Zoo at Chicago is financing another trip to west China and Tibet by Mrs. Ruth Harkness, in order to obtain another Panda to replace one that died recently. The Zoo paid Mrs. Harkness between U. S. $7,000 and U.S. $8,500 for each of the two which she took to Chicago previously.

The Dojin Kai, a Japanese benevolent society, has sent a group of doctors here to prevent epidemics in the Japanese community. The group is headed by Dr. Shozo Seo. The doctors will provide free anti-cholera inoculations, will clean up the streets of Little Tokyo and will open an isolation hospital.

Mrs. W. S. Leonard, wife of W. S. Leonard, manufacturers representative of Shanghai, departed this week for France, traveling by Trans-Siberian railway. Mr. Leonard, who is in Manila on business, is proceeding to the United States and will meet Mrs. Leonard in France where she is visiting her father.

The following appeared in the Tokyo newspaper *Miyako* on April 21: "Private Universities in Japan have had so much difficulty over red charges being leveled at faculty members, that they now try to avoid trouble by consulting the metropolitan police prior to the employment of new members of the faculty."

Chinese producers and exporters of "red" tea in Anhwei and Kiangsi provinces have established a joint selling agency in Hongkong for the purpose of encouraging exports. The agency will be in charge of Cheng Chen-chi and Tseng Chen, noted tea experts. Kiangsi province has loaned $2,500,000 to tea dealers this year.

Father Josephus Sontag, 39 years of age, member of a French Catholic mission stationed at Sienhsien, Hopei province, was killed by Chinese irregulars. According to a report of the French Embassy no reason was given for the shooting as the party was traveling when it was fired on. Father Sontag came to China two years ago and was studying the Chinese language.

The *Shanghai Nippo* reported on April 28 that the staff of the Japanese Commercial Attache here would be increased by the appointment of three trade commissioners, one technician and five secretaries.

Tadataka Ikezaki, member of the Ministry of Education, Tokyo, is in Shanghai on an inspection trip for the purpose of advising the Nanking "Reformed" Government on the adoption of an educational program.

Shichiro Miura, connected with the public works department at Dhimonoseki, has been appointed technical adviser to the Peiping Provisional Government. He will advise the puppet organization on harbor works, roads and canals. Mr. Miura will be accompanied by 40 young Japanese assistants, all selected by the Tokyo Home Office.

The U. S. War Department on April 28 awarded the Distinguished Service Medal to Capt. Frank N. Roberts, Assistant Military Attache in China for his heroic work in leading the survivors of the U. S. S. Panay to safety through a zone of Sino-Japanese combat. Capt. Roberts was a passenger on the Panay when the ship was sunk by Japanese bombers.

Capt. Kabelitz, 74-years old, who was a coxwain with Admiral Dewey in the Battle of Manila Bay, 40 years ago, is still residing in Shanghai, according to an article published in *The China Press*, May 1. Twenty-six members of the crew who saw action with Admiral Dewey in the Manila battle are residing in Shanghai, according to the story; 14 of them are Chinese.

The Chinese Consul-General at San Francisco on April 28, expropriated the steamer Kwangyuan and discharged the Japanese captain. A Chinese capitan was then appointed. The Japanese then filed a claim against the ship through the Yokohama Specie Bank, claiming they had bought it. The Chinese claimed it had been taken by force. The boat is loaded with scrap iron.

According to a report in the Chinese paper *Wen Hui Pao*, the collection of Chinese classics known as the Ssu Ku Chuan Shu, which was in the Chekiang provincial library at Hangchow, was saved from Japanese seizure and has been transported to southwestern China. The books were saved by Chinese employes of the library who transported the books beyond the Japanese military lines.

Robert McLean, president of the *Philadelphia Bulletin*, has been elected President of the *Associated Press of America*, in succession to Frank Noyes of the *Washington Star*, who has retired. Mr. Noyes visited in China several years ago and his daughter is married to Sir Wilmot Lewis, Correspondent for the *London Times*, who was engaged in newspaperwork in China and the Philippines for several years.

Mrs. Yuki Morgan, a Japanese woman who was married to a relative of J. P. Morgan famous financier in New York, returned to Japan on April 25 and announced she would make her home in her native country. Mrs. Morgan, known in Japan as "Morgan Oyuki," had resided abroad for 25 years and had practically forgotten her native language. Her husband, once a resident of Japan, died in Spain in 1921.

Henry W. Kinney, an American propagandist connected with the South Manchuria Railway, who has been in Shanghai for several weeks, departed for Dairen last week and after a conference with Matsuoka, president of the S. M. R., Kinney planned to proceed to New York. Kinney was trying to obtain favorable publicity for the S. M. R. to borrow money in the United States for carrying out Japanese development projects in China.

Kuo Sin-kie, Chinese tennis champion, defeated H. W. Austin, holder and British ace, before a large crowd at Bournemouth, England on April 30, and thus became British Hard Courts champion. According to the *Reuter* report, "Beside making Kuo the first Chinese to win the British hard courts title, his triumph is his first over one of the five best singles players in the world. Kuo headed China's Davis Cup team against France in 1936 but fared badly. Kuo was born in Java.

The famous Nantao City God, venerable Buddhist saint who looked after the welfare of Chinese merchants in the old native city area, is soon to be removed to the International Settlement or French concession. A report in the Chinese papers said that the God probably would be moved either to Ave. Foch or Weihaiwei Road, due to obstructions which the Japanese Army placed in the way of Chinese desiring to visit the temple. A large number of faithful followers as well as sellers of incense and candles, will also remove to the foreign controlled areas.

A large number of Chinese workers, formerly employed in the Japanese-controlled Lung Yung Iron Mines at Singapore, have arrived a Amoy where they were welcomed by civic organizations. The Chinese reported that some 3,000 workers of Chinese nationality employed in the mines, went on strike when they discovered that the workshops were turning out arms and munitions for Japan. The Japanese first threatened the Chinese workers, then offered them double pay, but the Chinese refused to resume work. The mine and shops, after trying to operate with labor of other nationalities, including Japanese, finally shut down.

C. E. Gauss, U. S. Consul-General at Shanghai, sailed for the United States on the Empress of Canada.

Public organizations at Hankow have started a movement for the release of the 800 soldiers interned in Shanghai who were members of the "Doomed Battallion."

C. F. (Burma) Liu, well known Chinese businessman in Shanghai, died at the Country Hospital on May 2. He is survived by his widow, Mrs. Dorothy Liu.

Bruce J. Miles, former manager of General Motors in Shanghai, has been appointed manager of the export division of the San Francisco office.

Chung Ah-shao, 16-year old Chinese boy is being treated at the Red Cross Hospital for injuries inflicted by a Japanese soldier on Jessfield Road.

R. G. Howe, former British Charge d'Affair in China, has been appointed chief of the Far Eastern Department of the Foreign Office in London.

Mrs. Feng, formerly Wang Keng, daughter-in-law of the late President Feng Kuo-chang, died in Peiping on May 3. According to the police her death was due to suicide by swallowing raw opium.

Li Kwang, recently appointed Commissioner of Police at Nanking by the "Reformed" Government, was assassinated in a restaurant in Shanghai on May 2, according to the *Ta Mei Pao*. Li was formerly connected with the Garrison Commander's office in Amoy.

The Shanghai British firm of Gibb, Livingston and Co., Ltd., agents for the Salvage Association of London, advertised for bids for the wreck of the Dollar iiner President Hoover, "as it is, where it is, and in the damaged condition as of date of sale."

Douglas George Young, proprietor of the *Japan Chronicle*, British paper at Kobe, Japan, died on May 2 at Kobe at the age of 44. A Morgan Young, former editor of the *Chronicle*, who was refused permission to return to Japan following a trip home to England, is now residing in London.

Chinese students in Shanghai issued a manifesto on Wednesday of this week denouncing Japanese imperialism, the occasion being the anniversary of the first mass student demonstration in 1919 when students in Peiping rioted and denounced concessions to the Japanese at the Versailles Conference. Manifesto declared that Shanghai is not lost and remains the educational and economic center of the country.

T. C. Garrett, an American who received a suspended sentence of one year for operating a gambling establishment in the International Settlement, sailed for the United States on May 4, Max Sia, a Filipino, who was arrested with Garrett, was given a suspended sentence of six months and a fine of $100. Leighton Shields, U.S. District Attorney, pointed out that gambling was a serious offense under the District of Columbia Code, under which the U. S. Court for China operates.

The U. S. Maritime Commission, according to a *United Press* dispatch from Washington on May 2, announced a program for the construction of 24 ships, including three modern passenger liners of the President Coolidge class for operation on the Pacific. The chairman of the Commission said, "I am determined that the Pacific Coast requires the maintenance of the American flag on at least six essential routes, Australia, South America, Europe, Southern Pacific coast to Orient and Northern Pacific coast to Orient.

Manifesto on International Labor Day

On the eve of the International Labor Day, Chinese workers in Shanghai issued a manifesto pledging their warm support to the present campaign of armed resistance under the leadership of Generalissimo Chiang Kai-shek, Chairman of the Military Affairs Council and General Executive of the Kuomintang. The manifesto read in part:

"Tomorrow is the Labor Day. Under the present peculiar circumstances, we, 800,000 laborers in Shanghai, will not be able to celebrate this occasion in the same manner as we did in the years past. But none of us has forgotten this grand Labor Day. Our brethren may have forgotten us, but we know our present sacred task and continue to struggle against tremendous odds under the leadership of the Kuomintang. We also give our warm support to the present armed resistance, led by our able leader, Generalissimo Chiang Kai-shek.

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In the United States Court for China

WILLIAM OSCAR HEGAMIN,
Plaintiff,
vs.
LUCILLE OPHELIA HEGAMIN,
Defendant.

Cause No. 4322
Civil No. 2201
ORDER
Filed at Shanghai, China, 23rd, April, 1938.
William T. Collins, Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, has this 23rd day of April, 1938, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 23rd day of April, 1938, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 22nd day of April, 1938, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has she resided therein at any time, and that defendant's last known address was 129th Street between 7th and 8th Avenues, New York City, N.Y., U.S.A.

NOW, THEREFORE, it is this 23rd day of April, 1938, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review", a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 14th day of May, 1938, the day of last publication of this Order; otherwise the case will be proceed with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 23rd day of April, 1938.

MILTON J. HELMICK,
Judge.

A Study of Land Utilization in China

REVIEW BY E. H. CRESSY*

LAND UTILIZATION IN CHINA. J. Lossing Buck. Published by the University of Nanking and issued under the auspices of the University of Nanking, the China Institute of Pacific Relations, the National Economic Council, and the Central Bank of China. Sole agents in China, the Commercial Press, Ltd. 3 Vols. $30.00 per set.

Vol. I. Land Utilization in China, 526 pages, 207 tables, 21 maps, 57 figures, 62 photographs. Size 6" × 9". Price $10.00.

Vol. II. Atlas. Size 17¼" × 12¼", with 18 large scale maps, many smaller ones, and 13 aero photographs. $10.00.

Vol. III. Statistics. Size 18" × 12", 492 pages. Detailed data for 100 farms studied in each of 168 localities. $20.00.

This monumental set of three volumes weighs eighteen pounds. Two of the volumes are a foot and a half long and a foot wide. It is the last word in a scientific handling of a vast problem.

The world is coming to realize that political problems have an economic basis. Land and population—these are the factors that underlie world politics and start armies in motion. Only as these problems are faced can the political questions arising from them be answered. Again from another standpoint such a work is of great importance. Communism is based on a theory. It is important to place over against it the scientific facts, which may serve as a basis for the formulation of a practical program of national economy. For this the present work furnishes abroad and solid foundation. There are not only the broad generalizations, and specific recommendations—these are easy for theorists—but the statistical volume gives the vast detail of over a million facts out of which these grow, and which furnish a scientific foundation for them, and which furnish on the one hand the means for rechecking them, and on the other a mass of material usable in other studies to carry the process further in the future. It is greatly to the credit of the Christian movement in China that one of its universities was able to put through such a thorough-going study. The University of Nanking has the second largest budget of any private university in China. As indicated above, the University enlisted the cooperation of the Institute of Pacific Relations, together with banks and government agencies. The total cost was over $100,000.

Chinese Agriculture

Chapter I gives a survey of Chinese agriculture which provides a general picture of the country as a whole. This chapter is therefore treated much more fully as it summarizes the situation. A number of extracts of special significance appear below.

Climate. "The basic or natural factors considered are topography, climate, soil, natural vegetation, crop insects and diseases, racial groups and accessibility to markets.

"Precipitation decreases from the southeast to the northwest and varies from 85 to only 13 inches, or even less, if one includes the desert portions which are outside the scope of this study. Precipitation is least dependable in north China where it is the lowest and where over 80 per cent of it falls in the summer months. Much of the summer rainfall throughout China is of the convectional type, and thus much of its utility is lost because of excessive run-off. Evaporation is increased by the high winds of north China, and thus it is that the effectiveness of the low rainfall for growth is greatly reduced. The great variability of precipitation is responsible for floods or drought with consequent famines. The growing season ranges from the full year in the south to one of less than 130 days in the northwest.

"The vicissitudes of the Chinese climate make crop production hazardous—perhaps a little more so than on other surfaces of the earth of equal size. Such risks, however, can be minimized with a greater degree of economic organization, with better transportation and communication facilities, and with conservancy projects. The great variation in climate provides the country with almost every possible kind of food and agricultural raw materials and makes a self-sufficient agricultural economy nearly, if not almost, entirely possible. The effects of climate on human life in China are contrary to what one might expect from observations in other parts of the world, since South China, with its semi-tropical climate, has produced a more active and virile population than has Central China. For this there are, of course, explanations outside the immediate effects of climate.

"*Soils.* The soils of China cannot be said to be better than those of other countries having similarly varied topographical and climatic conditions. Agriculture has developed chiefly in the valleys and on the plains where the soils are best.

"*Crop insects, pests and diseases* seem more prevalent in China than in many other countries. There is little scientific control and for this reason they flourish and limit production probably by as much as 10 to 20 per cent of the crop.

"*Racial groups.* The racial composition of the population in different parts of the country also to some extent accounts for the types of agriculture that prevail. The "Sinification" of the older indigenous tribes in the South and of the invading ethnic groups in the North and West has by no means been as complete as some writers claim. Turki, Mongolians and Tibetans in the northwest raise and consume more animal products than do the Chinese, even in areas where there is just as forceful an argument for a greater animal industry. Tribes in the southwest raise corn in the mountains while the Chinese raise rice in the valleys.

"*Access to markets.* China is a country of great distances; and this, combined with primitive methods of transportation, such as carrying goods by a pole over the shoulder and, to a lesser extent by cart and junk, makes distance from the market an important factor in determining the type of production . . . . In the absence of a well-developed transportation system opium has become a crop particularly adapted to the frontier provinces; and crops are produced on mountain sides better adapted to forests, because of the inaccessibility of markets. Thus, not only is the type of agricultural crop grown affected, but even the type of land use as between forests and agriculture."

With an area of some 1,400,000 square miles approximately one-fourth is cultivated. This compares favorably with the percentages in other countries varying from 12 per cent to 45 per cent. "Of all land, 27 per cent is utilized for crops, 4.6 per cent for pasture, 8.7 per cent for forest, and the remaining 59.7 per cent is for other purposes or is valueless."

Modification of Land

Nearly one-half of the farm land is irrigated for rice. Terracing is extensive.

"*Fertilization.* Soils of China are modified by fertilization as in most other countries. In China, however, three practices exist in addition to the use of farm manures universally applied throughout the world. Human excrement is used throughout China, in south China in liquid form with urine and feces applied directly on the growing crop while in north China only the dried feces are used and applied directly to the soil. Oil cakes, the residue from expressing oil from seeds of soybeans, sesame, cotton, rapeseed, tea oil nuts, and wood oil nuts, are extensively used for direct fertilization. If these cakes were first fed to animals, 80 per cent of their fertilizaing value would still be returned to the land in animal manures—a practice which would probably be an improvement in farm economy over the present one. Ashes from by-products of crops—straw and stalks—and from grass and bushes cut from the hills, burned for cooking and heating purposes, are used as fertilizer throughout the country and supply considerable potash to the soils. This practice also is a doubtful one in farm economy because much of these by-products could be utilized for feeding animals and the fertility returned in animal manures.

"*Erosion.* Much of the soil erosion found in China is essentially a form of modification by man with the help of nature. Man has cut the forests or broken up grasslands and has neglected to protect the soil thus exposed from being slowly or even rapidly washed away. Consequently, vast quantities of top soil have been wasted by sheet erosion and even still larger quantities by gully erosion. . . . . In some places where this destruction is slow the soil building processes may keep pace with it, but there is a net loss which probably limits agricultural production as much as it can be increased through any improvement adopted, such as better fertilization, improved seeds and control of insects and plant diseases.

"*Tenancy.* A little over one-half of the farmers are owners, less than one-third part owners and 17 per cent are tenants. Farmers who own their farmsteads, but who rent all their crop land are classified as tenants rather than as part owners. Tenancy is much more prevalent in south China than in north China.

"*Fragmentation of land,*—the ownership by individuals of scattered pieces of land, is the rule in China. The number of such pieces per landholding is unknown, but there are nearly six pieces, or parcels, per farm averaging a little less than an acre in size. Such fragmentation has the disadvantages of using up land in boundaries, increasing the number of boundary disputes, consuming time to reach the plots, increasing the difficulties of irrigation, limiting the size of fields and hence the use of machinery, and making crop protection difficult. The chief advantage is that one farmer may have land of differeing qualities and this is important in a country of small farms where a complete crop failure would be disastrous."

"*Graves* occupy 2 per cent of all farm lands.

"*Crops.* Those crops which appear as the most important in the type of farming for China as a whole are rice and wheat for food, and cotton for clothing and other textile uses. Other crops characteristic for the country as a whole, occupying one per cent or more of the crop acreage, in order of importance, are: millet, soybeans, kaoliang, barley, corn, sweet potatoes, rapeseed, broad beans, peanuts, *Astragalus sinensis* for green manure, green beans (*mung* bean), field peas and the opium poppy. The mulberry tree, grown for its leaves for the silkworm, tea, oranges and tobacco are still other crops important in Chinese rural economy. Com-

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**E. H. Cressy, writer of this review of Dr. Buck's "Land Utilization in China," is executive secretary of the Council of Higher and Secondary Education of the National Christian Educational Association of China. Dr. Buck, author of the book, or books, as there are three volumes, was for many years head of the College of Agriculture and Forestry of Nanking University. He is now engaged on special research work for the Treasury Department of the U. S. Government.*

pared with that in most Western countries, the production of these crops is more intensive because of the absence of hay and other fodder crops required for the animal industry of such countries. In this respect China is more like Japan, India and even Soviet Russia than like the United States or Western Europe. The growing of two or more crops a year on nearly two-thirds of the cultivated land is one way by which the Chinese have adjusted production to the density of population. The trends in kind and proportion of crops grown indicate that crops producing more food and requiring more labor per acre are in the ascendency, to meet the needs of an increasing population.

"*Power.* The main source of power on Chinese farms is human labor, with animal labor second. The dense population and the consequent small size of farm business compel the farmer to utilize every possible opportunity, apart from crop production, to add to his income . . . . No less than one-fifth of all the work done on the average Chinese farm is devoted to such subsidiary occupations. Although labor is plentiful and cheap still there are periods of peak labor at planting and harvest times when the available labor power is insufficient. This is one of the reasons why women do 13 per cent of all farm work and children seven per cent. Peak periods of farm work and large farms make the employment of some hired labor necessary. It represents 15 per cent of all farm work as compared with 30 per cent of all farm work done by hired men in the United States.

"The amount of human labor involved in crop production in China is large. The man-equivalent required to grow one acre of wheat is 26 days compared with 1.2 days in the United States; one acre of cotton in China 53 days compared with 14 days in the United States; one acre of corn 23 days compared with 2.5 days in the United States. Even the labor animal requirement is higher in China than in the United States because the animals are often small or weak, implements are crude and few animals are driven at one time.

"*Prices.* Trends in the Chinese price level have influenced the intensity of the use of land. China, until November 1935, had for a long time a currency on the silver standard. From 1885-1931 silver fell in value compared with all other commodities chiefly because of the world demonetization of silver; and since prices in China were measured in terms of silver the price level rose quite rapidly during this period. As a result of monetary difficulties in gold standard countries, silver hoarding as well as gold hoarding in such countries began in 1931. This resulted in a rise in the value of silver and a fall in prices resulting in the Chinese depression.

Success in Use of Land

"*Yield.* The rather intensive use of land in China, so far as the nature of her crops is concerned, does not, however, show a very intensive culture in terms of yields. The yields of rice are quite high, higher than those of Japan but lower than those of the United States. Wheat yields are similar to those in the United States. In general, China's yields are better than those of India or Russia, not as high as those of Japan, and are less favorable than those of Italy, Germany, Great Britain and the United States. Floods, droughts, soil erosion, insufficient fertilization, absence of control of insects and diseases, and inferior seeds are among the factors accounting for the situation . . . . On a basis of production per man-equivalent (one farmer working a full year), China produces only 1,400 kilograms compared with 20,000 kilograms in the United States or one-fourteenth as much. A farmer who produces little cannot expect to have very much of this world's goods.

(*Continued on page 296*)

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Baby's Own Tablets are the prescription of a British medical child-specialist and are absolutely free from any harmful ingredient. They are pleasant in taste and therefore easy to give. They are equally good in the prescribed doses for infants in arms as for children up to twelve years of age. Chemists everywhere sell the ideal health corrective for the young.

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THE CHINA CRITIC

（中國評論週報）

桂中樞 C. S. Kwei, *Editor*

朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

"*Tax*. Taxation is relatively high, U.S.$1.79 per acre (1929-1932) compared with U.S. $0.46 for all land in farms in the United States in 1932. Even in the better farming districts of the United States land taxes were only between U.S. $0.90 and U.S. $1.15. The higher taxation does not represent a greater ability of the Chinese farmers to pay but rather a policy of requiring such payments. This policy, again, is only in part attributable to a national emergency; in part it derives from wasteful methods of tax collection and from an unfortunate situation in many parts of China which places the heaviest burdens on forms of production that permit of easy collection at the source and permits other forms of income to escape taxation.

"*Nutrition*. Nutrition is an important measure of living standards, since about two-thirds of the family budget is expended upon food. Three-fourths of this food is produced on the farmer's own farm, nearly one-fourth is purchased, and one per cent is collected from wild plants or received as gifts . . . . Wheat is more universally found in the diet than rice, three-fourths of the families consuming wheat compared with only one-half consuming rice. . . . The sources of this food energy are largely vegetarian, nearly 98 per cent being from plant origin and only 2.3 per cent from animal products. This is in great contrast to the situation in the United States where nearly two-fifths of the food energy consumed by farmers comes from animal products.

"*Farm buildings*. The walls of one-half of such buildings are of tamped earth, or earth brick. Burnt brick is used in one-fourth of all the buildings. One-half of the buildings have tile roofs and one-fourth thatch roofs. Over seven-eights of the floors are of earth. The interior and exterior walls are plastered in some sections and more commonly on the larger than smaller farms. Whitewashing the outside of buildings is common in the Yangtze Delta. Ceilings are rare and the rooms usually extend to the rafters. The value of these buildings is perhaps the best measure of their quality, averaging 580 Yuan per farm compared with an average value in the United States of U.S. $2,169 in 1930—a ratio even greater than the difference in productive capacity. There may not be, however, quite so great a difference in the net welfare of the individual, although probably nearly so. These houses are rather scantily furnished with an average of 28 pieces of all kinds of furniture, such as beds, benches, stools, tables, chests, closets and sometimes chairs. Nearly four-sevenths of such furniture is unpainted, and about one-fifth is rough and unplaned.

"*Debt and Savings*. Two-fifths of the farm families reported debts, averaging 76 Yuan per farm. Only one-fifth of the farmers reported savings, averaging 192 Yuan, though under-reporting probably occurred more for this item than for debts.

"*Special expenditures*. Special expenditures for weddings, funerals, and the like are generally a measure of the farmer's prosperity. These expenditures averaged 152 Yuan per family per year. A wedding costs four months' family income and exceeds the yearly income of a hired farm laborer. Funerals cost three months' family income and dowries nearly three months' family income. Such expenditures are, of course, not of annual occurrence.

"*Standard of living*. In terms of standard of living, the success in use of land is not very great. This may be ascribed more to the density of the farm population, 1,600 per square mile of cultivated area, than to type of land use. A birth rate of at least 38 persons per 1,000 persons and a death rate probably over 27 persons per 1,000 persons for the year studied, indicates a doubling of the population every 65 years. Great calamities have in the past interfered with such a rapid increase over that length of a period. Patriarchial families represent 30 per cent of all families, the remaining 70 per cent being of the ordinary primary type found in most other countries, of husband, wife and children. . . . This farm population has only a meager education. Less than 50 per cent of the male and only two per cent of the female population, seven years of age or above, ever attended school. . . . One-half of the population dies before the age of 28 years—a tremendous economic loss even if one considers only the investment in such persons.

A Land Use Policy for China

"Very briefly summarized, a land use policy or an agricultural policy for China consists of a number of major steps. It is suggested that these be undertaken under the present system of individual farm family units and that any attempt at major changes in agricultural economic organization such as collective farming or other large scale farming enterprises should for the present be undertaken only on an experimental basis and on a very limited scale. No nation is justified in attempting any new method of agricultural organization without first testing it, just as in modern agricultural countries all new technical practices in agriculture are first thoroughly tested before they are recommended to farmers. An enumeration of the important policies suggested by the present study follows:

1. Conservancy projects to prevent or minimize floods.
2. Reclamation projects, such as irrigation of good land not now cultivated and drainage of lands which could be brought into cultivation.
3. Soil conservancy projects to prevent erosion of good soils.
4. Forestry projects to preserve and extend forests and to prevent erosion.
5. A land program of keeping or restoring the land in the hands of those who work it, of consolidation of holdings and an accurate survey and registration of all land.
6. The creation of special project areas, where the area is taken as a unit of improvement and the various specialized fields of knowledge are drawn upon for a unified improvement program.
7. A system of agricultural experiment stations and agricultural educational institutions, adequately staffed, located in each major agricultural area, such as the eight agricultural areas demarcated by this study.
8. Technical agricultural improvements, such as plant breeding, animal breeding, control of insects and diseases of plants and animals, care of crops such as ferilization, cultivation and pruning, feeding and care of animals, and improvement of implements.
9. An agricultural extension system with subsidies to local governments, or to organizations formed especially for agricultural extension work.
10. A system of agricultural credit.
11. A commission for the establishment and control of standards and grades of agricultural products.
12. Agricultural laws, including pure food laws.
13. A system of agricultural cooperation as a means of strengthening the position of the individual farmer in his capacity as producer and as consumer.
14. A crop reporting system by agricultural areas, as well as by political divisions such as provinces and hsiens.
15. The development of highways and railroads.
16. Farm management projects where the best combination of factors of production are utilized for the most profitable type of farming.

"A well organized program administered by properly qualified technical experts, with international experience and knowledge in the subject matter of each problem will enable China rapidly to improve her agriculture, to raise the standard of living of her farmers, and to enhance the well being of the nation as a whole."

(*To Be Continued Next Week*)

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From the time of its inauguration last October to April 9th this year, the Shanghai International Red Cross has among other things allocated and spent $1,011,047 for caring of refugees, $168,308 for medical aid and supplies, $164,295 for work among wounded soldiers and $22,500 for relief work in Nanking. Though these are large sums, they have merely met the needs of a portion of the huge population made penniless by the war.

Since March, 1938, the Shanghai International Red Cross has been authorized to extend the scope of its relief program into "other parts of China as the need may arise and resources may permit." Inview of the size of the war-stricken areas, particularly in the lower Yangtze region, where millions of homeless people require immediate help, it is feared that the Shanghai International Red Cross will need a considerable income every month to carry on this additional relief burden.

The people in Shanghai have done their utmost to support the refugees while other local resources are already heavily taxed. In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be secured from friends in outports and abroad, it will soon find it impossible to continue its work.

Will you extend a helping hand in this humanitarian work? If so, please sign your name below and send your donation today.

....

To the Shanghai International Red Cross,
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Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars.................as my donation to the Shanghai International Red Cross.

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"JAPAN'S WAR IN CHINA" DAY-TO-DAY RECORD

It will answer most questions about military and political developments, when and where they occurred, names of chief leaders. It will show how efforts were made to localize the struggle and prevent it from spreading and how the efforts nearly succeeded and will point to the responsibility for the failure.

It contains references to extent and value of property destroyed, references and suggestions as to American and other foreign policies as they developed to meet the various situations. In short it will answer most of the questions pertaining to details of the struggle and will be an invaluable reference work for those who were here and observed various phases of the crisis—and for those who were not here, but are interested.

The cost of the first volume will be $2, including postage. Those purchasing the first volume will receive a special discount on succeeding issues. Please fill out the attached form and mail at once:

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